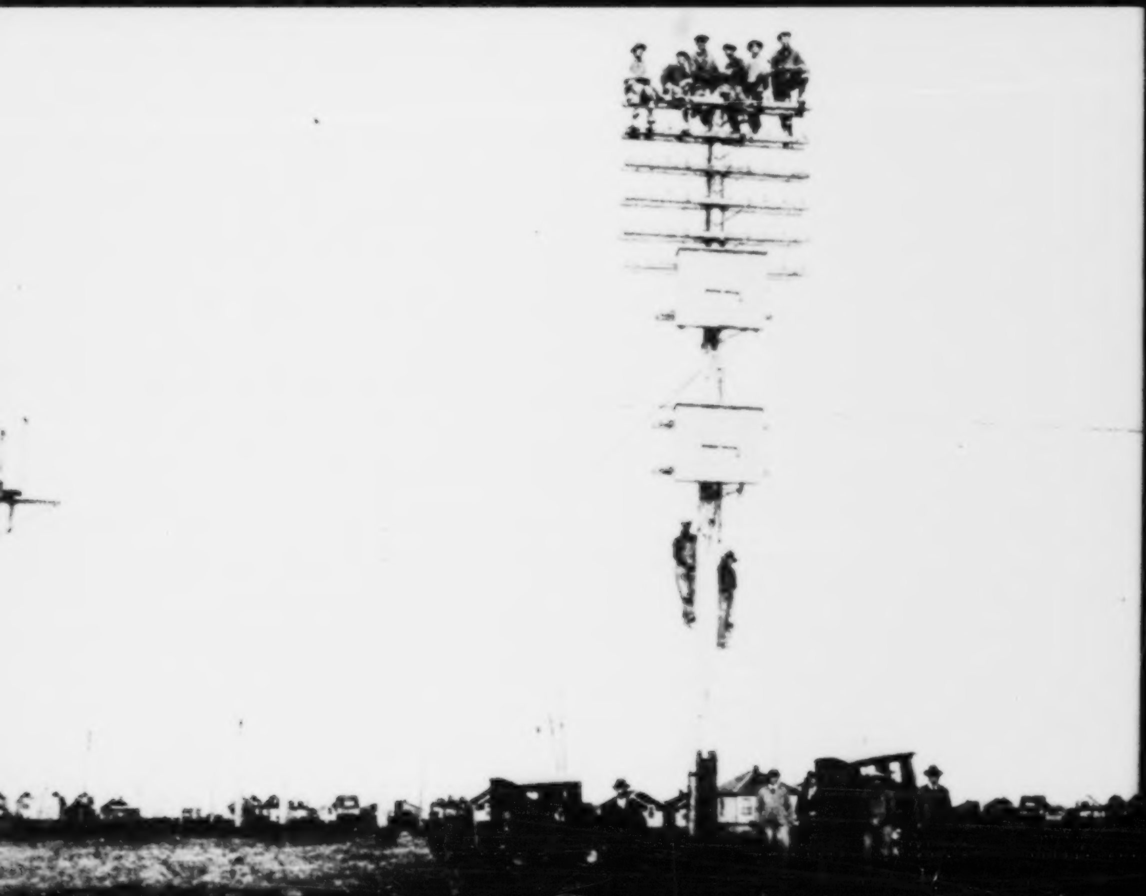
SASKTEL

BIOGRAPHY OF A CROWN CORPORATION AND THE DEVELOPMENT OF TELECOMMUNICATIONS IN SASKATCHEWAN



RON LOVE

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SaskTel

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The Biography of a Crown Corporation and the Development of Telecommunications in Saskatchewan

Ronald S. Love

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SaskTel

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SaskTel
Community Relations
11th Floor, 2121 Saskatchewan Drive
Regina, Saskatchewan S4P 3Y2
FAX: (306) 359-0004

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CONTENTS

Foreword vii
Acknowledgments ix
Note to the Reader xi
Introduction xiii
Chapter One: The Pioneering Life and Pioneering Phones 1
Prairie Solitudes and the Pioneering Life 3
The Telephone Comes West 8
Bell Canada, Expansion and Competition in the Territories 16
Chapter Two: Private Ownership Versus Public Ownership 25
The Public Ownership Movement Takes Shape 26
Challenging the Bell Monopoly 28
Public Ownership and Telephones in the West 40
Chapter Three: Saskatchewan Telephones and the Government Ownership Question 47
Boom Times for Saskatchewan, 1905–1914 50
The Public Appeals for Government-Owned Telephones 56
Francis Dagger, Telephone Expert 62
Chapter Four: A Department of Railways, Telegraphs and Telephones is Formed, 1907–1908 69
The Dagger Report, 1908 71
Telephone Legislation is Passed 80
Saskatchewan Telephones and the Vote of 1908 88
Chapter Five: First Things First: Administration, Organization and Initial Business, 1908–1913 91
Administration and Personnel 93
Arranging for Business 102
Technological Advancements 109
Chapter Six: Early Developments, 1908–1913 121
The Department Shops Around 124
Rural Telephone Construction Begins 132
Chapter Seven: Growing Pains, 1912–1924 149
Triumphs and Tribulations, Long-Distance 155
Triumphs and Tribulations, Rural Telephones 165
Chapter Eight: The Department Under Siege 181
The Bradshaw Charges and the Haultain Commission, 1916–1917 184
The Operators' Strike, 1918 194
Chapter Nine: From Prosperity Through Depression, 1924–1939 213
Electoral Defeat and the End of an Era 219
The Anderson Telephone Inquiry 224
Saskatchewan Telephones and the Great Depression 236
Chapter Ten: Trans-Canada Telephones and Wartime Developments, 1930–1944 247
Saskatchewan and Transcontinental Telephones 249
Radio-broadcasting: Telephones vs. Telegraph 258
Telephone Development Under the Liberals to 1944 264
Chapter Eleven: From Department to Crown Corporation, 1944–1964 269
Crown Corporations: A Cornerstone of CCF Policy 271
The Department Transformed 275
Accountability and Ministerial Responsibility 280
Post-war Renewal and Expansion of the Public Plant, 1945–1964 284
Renewal in the Rural Sector 297
Chapter Twelve: Telephone Workers Unite! Labour Relations, 1935–1964 303
The SGTPEA, 1935–1944 305
The UTWC (CCL), 1944–1964 314

Labour Relations, 1945-1964 322
From Saskatchewan Roots to Canada-wide: The Union Matures 329
Chapter Thirteen: In Perpetual Motion: From Analog to Digital, 1964-1982 337
Telephones and the Thatcher Years, 1964-1971 341
Telephones and the Blakeney Years, 1971-1982 350
Structural Change and Personnel, 1954-1982 359
Chapter Fourteen: Private Ownership Versus Public Ownership, 1982-1992 371
The Conservative Challenge to Public Ownership 373
Privatization Gains Ground: The Telephone Argument 379
Under Tory Siege: Privatizing SaskTel 385
Competition Threatened, Then Delayed 391
Chapter Fifteen: The 1990s: Challenge and Change 403
Confronting the Competition, 1990-1995 409
Exporting SaskTel 418
1996: A Year of Competition and Contention 425
Preparing for Regulation: A Time of Reflection and Reevaluation 431
Epilogue: A View to the Future 443
Appendix A: Ministers Directly Responsible for SaskTel 1908-Present 455
Appendix B: Chairs of the Board of Directors 1947-Present 456
Appendix C: General Managers and Presidents 1948-Present 456
Appendix D: 2003 Executive 457
Appendix E: 2003 Board of Directors 457
Appendix F: Number of Long-Distance Calls 458
Appendix G: Telephone Access Lines 459
Appendix H: Milestones 460
Index 467
Bibliography 483

FOREWORD

THEY SAY THAT EACH GENERATION WRITES HISTORY ANEW. This book, the story of SaskTel's first 90 years of telecommunications in Saskatchewan, is a product of our times. We look back from the vantage point of people who have become accustomed to the instantaneous exchange of voice, information, and images. Our way of life, relationships, and values have been transformed profoundly by the steadily advancing reach of electronic communication: the telephone, the computer, the television—the tools of daily life. As any historian will tell you, a culture's progress is bound up with the progress of its tools. With this in mind, we begin to see why a history of a communications company is worth broader attention than might be thought at first glance. The century that formed SaskTel is also the century that formed this province. If you have lived long in Saskatchewan, then you will know that SaskTel's history is your history too.

SaskTel: The Biography of a Crown Corporation and the Development of Telecommunications in Saskatchewan is our way of celebrating SaskTel's passage through nine eventful decades—a period short enough to be contained in the memories of some of our long-lived citizens; long enough to bear witness to profound technological, cultural, and social transformation. The story begins with the impressions of the first settlers moving onto the land, most of them coming from more populated places where neighbours and the benefits of community were always near at hand. They arrived in a place where isolation and distance were great barriers to daily existence and where they had to build community and communication lines from scratch. Into this homesteading life of hard work and lonely hours, the telephone arrived: a modern blessing carrying the voices of the next farm family down the line. It is hard for us to imagine what this must have meant for farm women, who often went weeks on end without seeing other women.

We trace SaskTel's origins back to an early commitment by the provincial government to bridge those lonely distances across the plains from household to household. In 1908, with the passing of the Rural Telephones Act, the young Saskatchewan legislature took measures to foster the formation of the rural telephone co-ops that first brought the telephone into the farms of this province. When that act was passed only a couple hundred homes in rural Saskatchewan had telephones. Nine years later, that number was 14,000 and growing month by month. Ninety years later we were able to boast in our annual report of serving 450,000 customers with wireline and wireless services ranging from voice to internet to data, all delivered over a 100% digital network.

During that 90 years, distance collapsed into the milliseconds of instantaneous communication, and community by proximity began to give way to a new kind of commonwealth: community by common interest. Using today's

communication tools, we trade, work, and share with people thousands of miles away, enriching, consoling, and educating one another over a network of increasing magnitude and sophistication.

SaskTel and its commitment to Saskat-chewan people has been the one constant in this maelstrom of change and innovation. Unstinting service to customers in rural and urban areas, steady delivery of the world's finest communications technologies, and a day to day presence lending a hand and supporting programs and events that enrich Saskatchewan communities: these are the qualities that have borne SaskTel honorably into the life of this land. Proud terms, granted, but we have earned a right to some pride, for we have achieved much by applying our own yardsticks in an industry that has been known to abandon the small, the local, and the marginal in favour of the large, the global and the central. Those yardsticks—honesty, social responsibility, and financial success in delivering the most advanced communication services to Saskatchewan people—have brought SaskTel this far through times of prosperity and times of uncertainty. With any luck at all, they should bear us along for another 90 years.

Don Ching,
SaskTel President and Chief Executive Officer

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THE SUCCESSFUL BIRTH OF ANY NEW BOOK RESTS, in part, upon the valued aid and assistance of many individuals, whose knowledge, expertise and interest help to make it possible. This volume is no exception in that regard. Among those who merit special thanks are Myrna Barclay, Manager of Marketing Communications at SaskTel, who oversaw and encouraged this project from start to finish, and who generously lent the support of her staff whenever necessary. Especially helpful were two Community Relations Assistants, Debra Ottenbreit and Jill Anderson, whose help in tracing obscure details, locating files, obtaining corporate information and dispersing the finished chapters to appropriate readers was invaluable. I am also indebted to Jean Freeman, Ralph Wyatt, George Spencer, Don Robson and Bill Lambert who, together with Howard Leeson of the University of Regina, comprised the editorial committee for the book. Their experience and knowledge of SaskTel—derived from a combined total of 155 years of service to the corporation dating back to 1945—was matched by their keeness for the project, to which they contributed the kind of quality advice and explanation of technical detail found only among real professionals. Other individuals who generously read chapters or portions of the manuscript pertinent to their areas of expertise were: Fred Pomeroy, former President of the National Communications Workers of Canada; John Meldrum, Vice-President Corporate Counsel and Regulatory Affairs of SaskTel; Dan Baldwin, Senior Vice-President Business Development of SaskTel; Garry Simons, President, SaskTel International; Ron Carlson, Administrative Vice-President Communications, Energy & Paper Workers Union of Canada; and Candice Molnar, General Manager Regulatory Affairs, also of SaskTel. Nor can I forget Don Ching, the corporation's current President and CEO, who graciously agreed to write a foreword for the book.

In addition to those mentioned above are other people not involved with SaskTel, but whose welcome support helped to propel the project to its successful conclusion. Chief among them are Larry Stewart, who continues to prove that he is a friend in deed, and Robert C. Grogin, whose passionate remarks on "Saskatoon Trolleys, the Golden Years" were a constant source of inspiration. Nadine Small and Brock Silversides of the Saskatchewan Archives Board also deserve special mention for their extensive knowledge of the province's archival resources and always cheerful assistance, particularly in the early stages of research for the book. Gordon Barnhart was similarly helpful. Although he was never involved in the project, I would also like to acknowledge Dufferin Spafford of the University of Saskatchewan, whose early work over forty years ago on the foundation of the Department of Telephones and the formation of telephone policy for the province provided important insights and direction to the beginning chapters of the present volume. Brian Mlazgar at the Canadian Plains Research Center, University of

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My warmest thanks and appreciation must go, however, to my research assistant, Laura McNaughton. A young woman of remarkable talents, her industriousness, interest, efficiency and knowledge of Saskatchewan history were complemented by real enthusiasm for the work at hand, sound judgment, inexhaustible energy and rare sensitivity to sources. These qualities were of inestimable value during the writing process, owing to special circumstances that required much of the later research to be completed at long distance. Without Ms. McNaughton's aid, that task would have been far more complicated and far less rewarding than it was.

Dr. Ronald S. Love
State University of West Georgia
June 2003

A NOTE TO THE READER

IN THE WRITING OF ANY BOOK, whether history, biography or another subject altogether, certain decisions of form and content have to be made. Under normal conditions, authors endeavour to footnote only the sources used for ideas and quotations embodied in the text for the purposes of academic honesty and easy reference. Explanatory notes providing further explanation of particular points not directly pertinent to the broader discussion, but which are regarded as necessary for greater clarity or elucidation, tend to be used sparingly. The special nature of this volume and much of the subject mater that it explores required an exception to that generic rule. Because of the highly technical and technological aspects of certain terms or services referred to in the text, as well as the complexities of particular political disputes, policies and even personalities, explanatory notes have been used more liberally than is customary. Readers interested in learning additional details about these aspects of SaskTel's history and accomplishments that are described generally in the narrative are thus invited to consult those citations. (In the interests of being economical with both space and paper, these citations have been placed on a CD-ROM which may be found on the inside back cover of this book. They are accessible in Microsoft Word 6.0). Otherwise, every effort has been made to tell the story of the Crown corporation in a manner that flows smoothly and without need of reference to the notes unless the individual desires.

For my adored and adoring mother, Eugenie Alston Love, a Saskatchewan daughter who has never forsaken her roots

INTRODUCTION

WHAT'S IN A PHRASE? "SaskTel is a highly innovative and competitive solutions provider for our customers worldwide, delivering sound financial returns and public policy benefits for the people of Saskatchewan." Embodied in that concise 27-word mission statement, which the Crown corporation released in 1998 on its 90th anniversary, is the collective past, present and future vision of SaskTel. Begun in 1908 as a government department with a simple mandate to connect all settled portions of the youthful province by means of a publicly owned and operated telephone network, the early utility grew by leaps and bounds. In just nine decades it developed from a rudimentary, even primitive provincial plant spliced together from a handful of local systems acquired by the government and subsequently linked by department-built trunk lines, into a sophisticated, competitive and multifaceted telecommunications carrier with a global reputation for state-of-the-art facilities.

Throughout the long process of building the provincial network, the Saskatchewan utility also helped to pioneer Canadian telephony, adapting much of the technological innovation upon which the growing industry depended and still depends. Over the years, consequently, the old Department of Telephones and its subsequent permutations, Saskatchewan Government Telephones (SGT) and SaskTel, scored an impressive number of "firsts" nationwide. These ranged from the formation in 1915 of Canada's first telephone school for standardized instruction on the maintenance of rural lines, to the completed conversion in 1995 of the provincial network to advanced all-digital technology, the first in the country to achieve that goal.

Who could have predicted that from its humble origins in 1908 would emerge a national and international telecommunications leader well before the dawning of the new millennium? Certainly not one former employee of the great Bell Telephone Company, which virtually monopolized the industry at the beginning of the twentieth century. When he learned that the Saskatchewan government was contemplating the creation of a publicly owned system that would connect not just the few towns in the newly formed province, but also its sparse and widely dispersed rural population, he dismissed the whole plan as unworkable and "hare- brained." Like others in the business at the time, he was interested only in profit. Rural lines, around which the whole scheme revolved, were especially expensive to build, difficult to maintain and unlikely ever to generate a return on investment large enough to justify the cost of construction.

Superficially, he was right, of course. What this early critic failed to appreciate, however, was the real motive behind the young government's evolving telephone policy: to fashion the small, scattered and often remote populace of Saskatchewan into a single, self-sustaining, economically viable and politically vital community. Since private companies, starting with the giant Bell corporation, had made it abundantly clear that they were interested only in building telephone systems in larger urban centres where quick and copious money could be made, responsibility for providing a network in the prairie province fell upon public ownership as a social service organized through the state. The latter needed a practical solution to the very real problems of economic, political and social development in the vast, underpopulated territory over which it governed.

The telephone was the ideal vehicle for this purpose. First patented by inventor Alexander Graham Bell in 1876, the innovation sparked a revolution in communications that still affects nearly every aspect of life today. Indeed, it is virtually impossible to over-estimate the telephone's social and economic impact on the modern western world. Not only did it spawn new patterns of trade, commerce and even government almost from its very inception, but the device soon became "so much a part of our lives that use of it is habitual rather than conscious."[1] Together with the internal combustion engine, the telephone created numberless possibilities for suburban and "ex-urban" living by providing mobility, safety and ease of contact with the wider community. "In fact, the telephone system is a form of societal insurance; no one knows how many lives are saved or injuries prevented by its reliability and speed of access to every kind of service and assistance."[2]

It is all the more ironic, therefore, that when Bell invented the telephone in the last quarter of the nineteenth century, there was no need for it. "Society did very well without it, just as it did without electric power or automobiles."[3] But that situation changed rapidly as businessmen, government leaders, police officials and people from almost every walk of life recognized the great potential of the new invention for daily communications—especially over long range—which soon tolled what one modern journal recently called "the death of distance."[4] In fact, it was owing to its remarkable capacity to conquer time and space that the device first appeared in contemporary literature. In 1878, just two years after Bell secured his initial patent, the quintessential American author and technological enthusiast, Mark Twain, published a short story in which a young man from Eastport, Maine, and a young woman from San Francisco, California, engage in romance and ultimately marry, all by long-distance telephone. At the end of the tale the couple finally unite, the bride having crossed the country by rail with a maiden aunt who "had the happiness of witnessing the rapturous meeting between an adoring husband and wife who had never seen each other until that moment."[5]

In her 1920 novel of manners, *The Age of Innocence*, Edith Wharton similarly reflected on the impact that telephones produced in the daily existence of her fictional cast of wealthy New Yorkers (as well as in her own life) at the dawn of the twentieth century. "How far they were," she exclaimed, "from the days when the legs of the brass-buttoned messenger boy had been New York's only means of quick communication!" In fact, long-distance telephoning "had become as much a matter of course as electric lighting and five-day Atlantic voyages"—two other marvels of the waning Victorian Age.[6] What Twain and Wharton both recognized in the telephone was a tremendous innate power that did not consist "of an idea, a creed or an ideology." It was, instead, "the power of science and technology to enlarge man's life."[7] As a result, what was regarded in its earliest days as a luxury affordable by the wealthy few, or a convenient but inferior handmaid to the time-honoured telegraph, rapidly became a fundamental feature of the modern world.[8] There is perhaps no better evidence of this than the $6 billion the federal government of the United States still collects annually through a 3-percent telephone levy, created in 1898 to help defray the costs of the Spanish- American War.[9] Like death and taxes, it appears that telephones will always be with us!

The history of SaskTel obviously involves far more, therefore, than just the construction of the provincial plant, the installation of specialized equipment, the application of advanced technologies and the development of business opportunities, although such "bricks and mortar" issues are of necessity major features of the story. Rather, it reflects the social, political and economic heritage of Saskatchewan itself. Their two histories are not merely parallel; they are, in a word, inseparable. The Department of Telephones was born of a political policy that sought to link urban dwellers and homesteaders alike in a united community for a province that had just been carved from the frontier vastness of the old Northwest Territories. It was also political policy that rendered the early department a focus of heated partisan debate in numerous election campaigns over the succeeding decades; that prompted its transformation into a Crown corporation in 1947; and that finally ended the system's exclusive control of the Saskatchewan market with the introduction of long-distance and local competition in 1996 and 1998 respectively. Rarely, in fact, was the original department free from the effects of politics or political scrutiny, while the corporate structure of the modern Crown company as organized in 1947 ensured that its business operations would conform to the particular policies of the party in power at any given time.

From the beginning, however, that political influence and occasional interference has been tempered by the provincial utility's social and economic mandate. To that end, the department's founders envisaged a system established on the principle of public, as opposed to private ownership—a system owned and controlled by the Saskatchewan people and their government for the primary purpose of connecting farmers to their markets and the wider community. It was upon the homesteader's agricultural production, after all, that the economic well-being of the young province depended. As far as possible, therefore, access to telephone service was to be made universal and affordable. But those goals were achievable only through the vehicle of public ownership, backed by rural companies organized on a cooperative model. At the same time, the government used the growing plant as a means to provide employment opportunities, especially in periods of depression, and stimulate economic development in the province by adopting a policy of purchasing Saskatchewan-made equipment wherever available.

That early vision of the telephone system's various roles has never dimmed. On the contrary, the objectives outlined in 1908 have not only remained consistent to the present; they were explicitly reinforced at the department's transformation into corporate status. Since then, half of its net earnings have been returned to the province at the end of every fiscal year specifically for reinvestment in social programs. Meanwhile, the company has maintained a steady record of its own for charitable donations, sponsorships, scholarships and equal employment opportunities. Owing to that twin social and economic mandate, for more than nine decades the public utility has also served as a useful barometer of Saskatchewan's fiscal fortunes, its boom times and its periodic busts.

SaskTel does not exist in a vacuum, therefore; nor did its 90-year story unfold in splendid isolation from other events. On the contrary, SaskTel is tightly interwoven into the rich political, social and economic tapestry of Saskatchewan history, by which it was shaped and in turn helped to shape. The person who fails to understand this first principle can never fully appreciate the vital role played by the public utility on the broader historical stage as one of the major institutions to build the modern province and develop the Canadian West. Therein lies its real significance, a significance that extends far beyond the narrow scope of the public utility's particular contributions to telephony, telephone technology or the Canadian telecommunications industry at large. The history of SaskTel is, in brief, greater than the sum of its individual parts.

Yet until now no attempt has been made to recount that history in any comprehensive manner. What little has been written is both outdated and severely limited in scope. This situation is by no means unique to the Saskatchewan plant. To be sure, separate accounts of the Alberta and Manitoba systems have been published more recently. But they, too, focus narrowly on telephone development in each province with scant regard to the larger historical context of which they form an essential part. This problem was identified explicitly by modern consultant Michael Denny in a discussion paper presented to the Economic Council of Canada in 1986. "The early history of the Western Provincial telephone companies" in particular, he lamented, "is not documented in a large body of historical research."[10]

In Saskatchewan's case, part of this deficiency may be attributed to the difficulties of documentation. Although much material has been preserved carefully in the Saskatchewan Archives Board and by SaskTel itself, much also has been lost through deliberate (though not necessarily malicious) destruction or simple carelessness. Through sheer necessity owing to a shortage of storage space, for example, the provincial government authorized its individual departments in 1920 to cull their files from time to time of paperwork that was no longer essential to keep or relevant to current issues. As a result, large quantities of financial and other records germane to the first three decades or more of the telephone enterprise were discarded. Other resources met with an equally tragic fate. Hence this response to a 1954 request for information on the Saskatchewan Rural Telephone Companies Association. P. Hembrow-Smith, the former director and secretary of the defunct organization, confessed to his embarrassment that:

> *Unfortunately, about a month ago, I was going through an accumulation of files for the purpose of destroying a lot of outdated stuff as they were taking up to [sic] much room in the house. Among those I destroyed were those of the Sask. Rural Telephone Association. I had had them some thirty-five years and considered them of no further use.*[11]

Such revelations about the loss of irreplaceable resources are enough to bring even the most hardened and experienced researcher to the verge of tears!

But the larger reason for the lack hitherto of a detailed history of SaskTel (and many similar Saskatchewan fixtures, for that matter) can be attributed to apparent indifference within the academic community and among popular writers by extension. As a result, numerous personalities who contributed importantly not just to the foundation and growth of the telephone utility, but also to the province's heritage as a whole, have yet to find biographers; many other Saskatchewan institutions similarly await chroniclers of their own. Instead, scholars and popular authors have tended to apply their efforts either to fashionable subjects associated with current historical trends and public tastes, or to topics of personal interest, all of which can range in nature from the vital and informative to the trivial and threadbare. How much more can one say, for example, that has not already been written about Riel's rebellion and the Northwest Resistance of 1885? The result of these tendencies has been that other large issues like the emergence of the province's political press, immigration patterns as an aspect of homesteading, and local agricultural fairs as barometers of economic or social progress—to indicate just a few—have hardly been touched, if not ignored altogether despite their enormous impact on Saskatchewan's past.

To be sure, cooperatives, the Wheat Pool, populism and democratic thought, the University of Saskatchewan and other movements or institutions that contributed historically to the province have been examined in more or less detail.[12] (It is interesting, perhaps even significant, that in many cases these studies were commissioned by the very agencies about which they were written.) Biographies also have been published of some of the more prominent political leaders in Saskatchewan's history.[13] But the fact remains that books on many of the major features, people and events of the province's formative days are shockingly scarce, leaving large gaps in the historical record that have yet to be bridged. This deficiency has been remarked upon by others, too. Political scientist Allan Tupper observes that "very little serious analysis has been undertaken about the administrative, political and economic issues facing Crown corporations in modern Canada."[14] His colleague Howard A. Leeson adds his voice to the growing chorus, confessing that the stimulus behind his book on Saskatchewan politics published in 2001 was "the fact that no comprehensive reader had been done on [the topic] in over twenty years."[15]

The current volume, commissioned in honour of the telephone utility's 90th anniversary, is another effort to bridge one of those gaps. Offered in the following pages, therefore, is not the last word on the history of SaskTel, nor even the next word. It is an initial word that seeks to introduce the story of the Crown corporation, its origins and technological contributions to Canadian telephony from 1908 to 1998, as one of the oldest, most respected and active public institutions in Saskatchewan. But that story is set firmly within the broader context of the province's own history, in which SaskTel has played an integral role from the beginning. Furthermore, though the effort has been made to include almost every major aspect of the corporation's past, ultimately no book of this nature can answer every question, examine every facet or gratify every person. As historian Garry Fairbairn reminds us, the account that tries "to be pleasing to all would be satisfying to none"; worse still, "it would not be faithful to those past generations it portrays."[16] Hence, the present book makes no claim to be definitive in character, for that would require multiple volumes. There is still much work to be done on such topics as rural telephone systems and the companies that built them, the provincial chapter of the Telephone Pioneers of America, labour relations and the unionization of telephone employees, to name just a few areas of potential research.

Despite its length, the goal of this book is far more modest in scope: to provide a retrospective of the foundation and subsequent development of a first-class telecommunications system in a province where the population base has always been widely dispersed throughout rural and remote regions. Saskatchewan people are proud of their history and their achievements. SaskTel has been a major contributor to both. Owing also to an enviable record of good labour relations, it has recently been named among Canada's leading 100 employers, and is certainly the employer of choice within the province.[17] The resulting bonds of mutual trust and loyalty that evolved over many years to become a hallmark of the respectful association between the corporation and its work force were attested to as recently as 1999, when SaskTel dedicated various rooms or buildings not to political leaders or various provincial noteworthies, but rather to four former employees: Ralph Wyatt, Frank Degenstein, Arnold Nelson and Gillis McCormick.[18] In the meantime, the enduring issues of remote rural populations, the cost of providing them with telephone service, the large competitors who debate whether Saskatchewan is a viable market to enter, and so on, are the same today as they were 90 years ago, when the province was just three years of age. SaskTel's is thus an important story that needs to be told.

Dr. Ronald S. Love
State University of West Georgia
June 2003

CHAPTER ONE

THE PIONEERING LIFE AND PIONEERING PHONES

ON 5 JULY 1905 THE HOUSE OF COMMONS in Ottawa issued An Act to establish and provide for the Government of the Province of Saskatchewan. Under the terms of the British North America Act (1871), stated the preamble in the ponderous language of the law, the Parliament of Canada

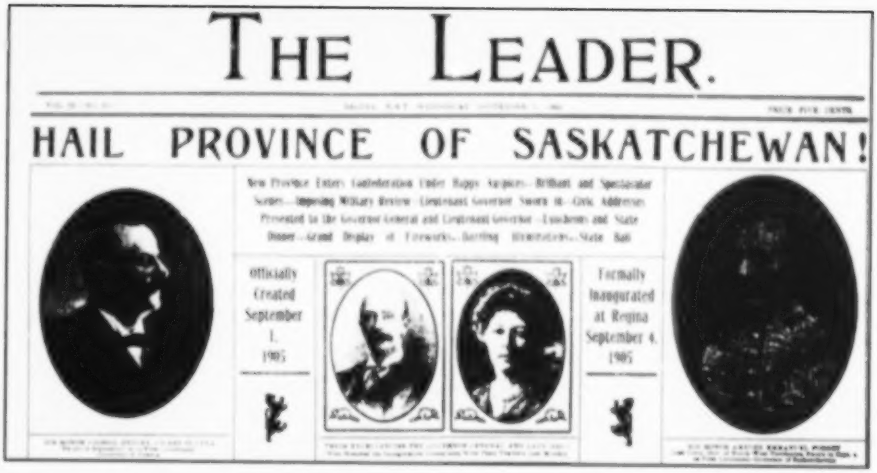
> *may from time to time establish new provinces in any territories forming for the time being part of the Dominion of Canada, but not included in any province thereof, and may, at the time of such establishment, make provision for the constitution and administration for any such province, and for the passing of laws for the peace, order and good government of such province and for its representation in the said Parliament of Canada.*[1]

Passed by the Senate on 18 July, the new legislation, along with a sister bill creating the province of Alberta, received royal assent two days later. Both Acts came into effect on 1 September—a "great, long-expected and much-hoped-for day," trumpeted the Regina *Leader*, "amidst much pomp and ceremonial and boundless popular enthusiasm."[2]

Thus, with a single stroke of the viceregal pen, Saskatchewan and Alberta became new provinces within the young Dominion, having been carved out of the vastness of the old Northwest Territories.[3] It was a "clean, verdant world," rhapsodized an early settler of the Saskatchewan prairie:

> *It seemed that a vast, green, rolling ocean stretching to the distant blue hills had been frozen into immobility. The thought came to me that as the spirit of God had moved over the face of the waters in the beginning of creation, so might He now move over these untouched plains.*[4]

An unknown and untraveled wilderness fewer than forty years before, boasted *The Canadian Year Book* for 1906, the region occupied by the two new provinces extended over 504,190 square miles—"as large as the united areas of Great Britain, France and Germany," three of the five world powers of the day.[5] But it had only a fraction of their individual populations. With a total area of 250,650 square miles, Saskatchewan was at least 25 percent larger than the largest of these three great states. Yet the new province was home to a



THE LEADER.

HAIL PROVINCE OF SASKATCHEWAN!

Officially Created September 1, 1905

Formally Inaugurated at Regina September 4, 1905

SAB R-B8339

Regina **Leader** *headline (September 6, 1905), heralding the birth of the new province of Saskatchewan.*

mere 257,763 people, an increase of 91,279 immigrants since the census of 1901. By contrast, in 1905 Great Britain, with only 120,651 square miles of land, supported a population of 43,372,187; France at 207,170 square miles had 39,252,245 citizens; and the German Empire, with 208,830 square miles, contained 60,641,278 people within its boundaries. This represented an average population density of 272.6 persons per square mile in the three European powers, but of only 1.2 per square mile in Saskatchewan.

Meaningless by themselves, such statistics are significant only when placed within the proper context. Even professional historians need to be reminded from time to time just how widely dispersed Saskatchewan's thin population was at the province's inception in 1905. Nor has the ratio between square miles of area and numbers of residents changed substantially over the intervening years. Today the province still remains a vast territory inhabited by relatively few people, many of whom continue to be tied to the soil. That condition, wrote a proud contemporary in 1913, "gives Saskatchewan stamina." In fact, with the exception of four small cities (Regina, Saskatoon, Moose Jaw and Prince Albert) and about two dozen towns, representing a combined urban population of 34,909 persons in 1905, the remaining residents were scattered sparsely across the southern and central reaches of the province in tiny villages or isolated homesteads. The latter were grouped loosely into "local improvement districts" (an early euphemism for rural municipalities), and enjoyed scant contact with the external world beyond the radius of a few square miles.

The early settlers were acutely aware of their lonely situation. But they anticipated – like Premier William Martin (1876–1970) – that the population would expand rapidly over time to fill the immense empty spaces of the new province, and that its potential wealth, industrial base and agricultural production would increase proportionately. That potential was lauded by Martin in a speech delivered on 18 July 1920. "In area," he boasted,

> *Saskatchewan is larger than any European country with the exception of Russia; it is twice as large as England, Ireland, Wales and Scotland combined. It is twice the size of Italy and twenty times the size of Belgium; and when one remembers that the little country of Belgium, one-twentieth the area of Saskatchewan, contains a population of over seven millions of people, we can form some little estimate of the people that this Province will support in the years that are to come.*[10]

In further illustration of the province's size and capacity, Martin observed on an earlier occasion that of the estimated total of 161,088,000 acres of land, by 1917 only 78,925,471 acres had been surveyed by the Saskatchewan government.[11] However, who would build those institutions and infrastructures (including railways, roads, telegraphs and telephones) that were essential not just to developing the province's economic potential, but also to unifying its huge territory and small pockets of population into a single, viable community? Would it be private enterprise? Though keen enough to invest on the municipal level in secure expectation of realizing immediate profits, entrepreneurs were skeptical of providing services at enormous expense for a handful of people scattered thinly over the barren landscape in the hope of some day recouping their investment. Or would government assume responsibility for supplying public utilities at public expense as the only means to furnish such services in the absence of private interest? Only time would tell.

PRAIRIE SOLITUDES AND THE PIONEERING LIFE

It is the twin sense of vast, open spaces united with prolonged isolation that resonates most strongly in the letters and memoirs of early settlers in Saskatchewan as late as the 1920s. Echoes of it can be heard even today. Arriving at the town of Tuxford in 1906, where he established a small general store, D.E. Macintyre recalled, for example, that just a few miles from town "there were no roads, only winding trails over the most level land."[12] To his fellow Englishman, George Shepherd, who came to Girvin in 1908 with ideas of homesteading, the prairie landscape "looked almost desolate, the roads were a mess, the farmlands looked lonely."[13] Christina Willey, who pioneered at Bredenbury near the turn of the century, found the landscape equally wild. "To the north, south and east," she recalled,

> *stretches of empty prairie divided us from similar little settlements, which, to the west, tradition said that we could drive straight from our farm to the Rocky Mountains without encountering another house.*[14]

To others, the land presented a "monotonous aspect," as "mile upon mile of bald prairie stretched away into the distance, unbroken by slope or declivity, and often unrelieved by a solitary tree."[15]

The prairie solitudes were no less daunting to new arrivals from eastern Europe. In 1903 John Niemczyk and his family, Polish immigrants, settled about 25 miles southeast of the little prairie town of Yorkton. He described it and the surrounding territory as "a lonesome, dreary looking place in comparison with what I was accustomed to see" in Poland or even eastern Canada. He noted in particular the late spring, chilly atmosphere and the absence especially of fruit trees in his adopted land. As for life on his family's homestead:

> *Day after day passed by and we saw only a lonely hawk, or a prowling prairie wolf, but no sign of man. Gradually we forgot the hardships, though they were always present, and determined to accept the new conditions as cheerfully as possible.*[16]

Nor were visitors to the West during the first decade of the twentieth century oblivious to the sense of solitude that pervaded pioneering life on the broad Saskatchewan plains. One such traveler, John Lawson Stoddard, whose famous series of lectures (first published in 1902) lined many private and public bookshelves, once crossed by rail "the geographical colossus, known as Canada." Coming west, he gazed with "mingled awe and admiration" at the "gigantic prairies, upon whose seemingly illimitable surfaces [the visitor] glides along, as if his train were a swift steamer furrowing a shoreless sea." Stoddard's description of the vast, nearly empty land "as truly solitudes as the ocean and the desert" is almost lyrical. "In portions of them," he continued metaphorically,

> *settlements, farms, and even "bluffs" of trees are no more frequently encountered than are ships at sea or caravans on the sands of the Sahara. How empty seems this vast and absolutely level circle, whose distant rim the sky meets everywhere, like the close-fitting base of a huge turquoise dome! Its azure walls enclose us; yet, wheresoe'er we turn, recede as we advance. One feels its solitude, even when on the train; but how much more, when, having left the metalled track, one rides away, companionless, upon the boundless plain! I have watched many sunsets on the ocean, and not a few upon the Libyan Desert, during a winter on the Nile; yet, in beholding our great luminary sink below the edge of these Canadian prairies, I experienced with equal force the feelings of sublimity, mystery, and isolation that were mine at similar moments in Egypt and on many a sea.*[17]

If, however, this "land of living skies" seemed a lonely place through the good months of the year, it appeared positively forlorn in winter. It was during that long and dreary season when feelings of isolation and loneliness, already acute, were amplified by boredom and genuine concern over the many dangers posed by the harsh environment. "With the exception of cutting wood," recalled Robert H. Henderson, who had left his native Scotland to settle in the future province in 1882,

> *we had of course little to do in the winter. It might be said that we were simply sitting there. We had reading matter and occasionally we would go thirteen miles to Butterfield over the Manitoba line. There was service there on Sundays by a Methodist preacher.*[18]

D.E. Macintyre's first winter at Tuxford in 1906 was equally bleak. The temperature, he noted, rarely rose above 0° Fahrenheit, and not uncommonly plunged to minus 58°, adding to his discomfort. Such extremes of temperature prohibited any notion of outdoor activities except for short periods of time. Of Saskatchewan's winter landscape, he wrote:

> *The land was so flat that one could see for miles, and there was no life in it. The wild animals like coyotes were holed up in their dens and I suppose suffered from hunger as well as cold. The birds had deserted us for more comfortable regions where they could obtain some shelter from the woods. Farmers were isolated too, but at least had their families and their*

> *livestock to help them "keep the lonely away" as I once heard an Indian describe it. I had to be content with letters from home and all too little reading matter... . What comfort modern appliances like the telephone, radio and television would have been. No people in Canada were so glad to see spring come as those who lived on the prairie.*[19]

The Englishman, George Shepherd, echoed these sentiments, adding in particular that a "long winter spell was very hard on the women folk." Men, at least, had their daily chores to attend to—if only cutting wood—which took them out of doors for some welcome exercise and fresh air. But the women were more confined to the home, "giving them what one of our neighbours called 'cabin fever'."[20] Like his compatriot Macintyre, Shepherd, too, added in retrospect that the advent of the "automobile, the telephone, and later the radio dispelled the feeling of isolation that weighed on the first settlers of the distant frontier."[21]

At that time, the only real relief was the delivery of mail. But even that was sporadic. Although the occasional letter alleviated some of these feelings of isolation, due to the distances involved and problems of transportation, mail delivery provided only tenuous links between people during the very early years of the province's life. Living 100 miles northeast of Wallace and the nearest railway line by which letters arrived, reminisced Christina Willey, it "took a week for the round trip [by wagon] in good weather," let alone bad, across empty country on which there were "no road allowances, few fences, [and] hardly a house for miles at a stretch."[22]

As for travel abroad during the winter months, whether into town or just to church, the weather conditions transformed a wagon trip often over many miles into a hazardous journey, unless one were very careful. For it "was easy to get lost on the fenceless prairie," warned Swedish immigrant August Dahlman.[23] Homesteaders had little to fear from human agencies, to be sure, but they had much to fear from nature. Because, for example, there "were no fences in the country and no telephone poles, so that the drifted-over road could not be seen," remembered George Shepherd, one "had to rely on the horse's sense of feeling through his feet to tell where the hard-packed road lay."[24] Meanwhile, the loss of that animal, on which so much depended, "had almost the effect of a calamity." When one of the family horses died on a trip to Rosthern, the news deeply depressed Otto Lutz's mother:

> *She realized in her far-seeing mind what it would mean to us living one hundred and more miles from the nearest source of supplies and now deprived of the only means of reaching the outer world.*[25]

Given the tough conditions of frontier life, the lack of luxuries, the constant hardship, the loneliness and isolation, and even the danger posed by a harsh and frequently pitiless climate, some early settlers questioned their sanity in coming west in the first place. For the vast majority, of course, "the lure was the land."[26] Nor did the Dominion government hesitate to embroider the truth about homesteading conditions in the newly constituted western provinces in order to entice keen, though often naive immigrants from Europe and the United States to populate the region. Indeed, the Canadian authorities in Ottawa generously supplied any would-be settler with enough reading material on request "to see a homesteader through his first winter."

Government brochures guaranteed that western Canada was free of malaria (a perennial problem in many parts of Europe), and although prairie summers were hot, the same pamphlets claimed that the heat was "delightfully invigorating," while the winter cold was "dry and not unpleasant."[27] Thus were Joseph Hostetter and his brothers lured into settling in the future province in 1882 "with the idea that it was the garden of Canada flowing with milk and honey."[28] Reflecting on similarly idyllic descriptions and grand promises he had read in the material his family had received from Ottawa, George Shepherd observed dryly that "the kindest thing to say about it is that the literature was a little bit on the optimistic side." He used to recall "those glowing words as I pitched sheaves with the temperature at 95° [F.] in the shade, and as I ran behind the sleigh at 30° below zero to keep from freezing!"[29]

"Today," wrote Otto Lutz, looking back over the passage of years and events since his family first settled at Muenster in 1904, "while sitting in a warm comfortable home, it seems that the wild virgin prairie had conspired with the elements of fire, water and weather and sworn never to be conquered by the white man, by placing each and every obstacle in his way."[30] From such hard and lonely circumstances of pioneer life grew, as if from the dark prairie soil itself, the West's proverbial and "heart-warming surplus of hospitality, friendliness, kindliness, neighbourliness, and a generosity of spirit almost beyond description."[31] Those were the days, reminisced Richard Deacon, "of open-handed hospitality when the stranger at the gates was received without question and treated to the best."[32] At every homestead the weary traveler was greeted with broad smiles by farmers and their families, who were "glad to see visitors in this lonely land." This was "true western hospitality," asserted August Dahlman, who set out with his wife, brother and baby daughter from Estevan in May 1908 to take possession of their new homestead 180 miles to the west.[33] James A. Calder (1868–1956), the future cabinet minister in Walter Scott's inaugural administration (1905–16) and Saskatchewan's first Commissioner of Telephones, echoed these views. As Deputy Commissioner of Public Instruction of the Northwest Territories until 1901, he was required to make inspections of schools within his jurisdiction. During these long tours by wagon across the empty prairie, he often did not know where he would find his next meal or bed. "However, wherever I knocked," he recalled in after years, "the door was opened and I entered with a welcome." "Kindness, helpfulness existed everywhere," he continued,

> *and I cannot recall a single instance when I was turned away. In all my travelling through farm settlements during the years 1894–1900 I must have entered and my needs must have been cared for in at least 2,500 farm homes. This was a great experience as the people I met were of many nationalities, races and creeds. In addition I had ample opportunity to acquire a thorough knowledge of the struggles, fears and needs as well as hopes and ambitions of these courageous early pioneer settlers. In after life this knowledge and experience were of very great value to me in my future [political] work and activities.*[34]

For their part, farmers and their families were equally glad of these occasional visits, which brought them a welcome respite from the tedium of their daily routine and isolation. Nor was the hospitality they offered reduced in proportion to the number of people they provided for. In one week alone, for example, D.E. Macintyre entertained 35 passers-by. He accepted no payment for the meals he provided, noting instead that the favour was reciprocal. When "I go to travelling everybody feeds me and my horse, so it works out about even."[5] This help was especially vital "where whole districts were settled by people inexperienced in prairie farming methods and lacking financial resources." Among such newcomers the conditions of life and the hardships were particularly brutal. Pioneering was not for fun, warned George Shepherd, "it was no game for 'loners' or weaklings."[6] From precisely such antecedents as these a keen sense of community, of shared circumstances and of helping one's neighbours whatever one's means, already was taking shape on the prairies at the time Saskatchewan became a province in 1905. And it helped to mould a common identity as time went by.

Of course, the early farmers did not choose to live so widely separated from each other. On the contrary, the pattern of settlement in the young province, as dictated by the official homestead system, was dispersive. Homestead lands were interrupted by railway lands, Hudson's Bay Company lands and school lands in a way that scattered settlers over a wide territory "and ensured a maximum sense of isolation."[7] Because of this, the future provision of such public services and utilities as telephones, roads and power was rendered more expensive. On the other hand, stations along the railways—the lifeline of the prairies along which goods and people moved, and the lonely farmer was kept in touch, however tenuously, with the outside world—were situated from seven to eight miles apart and served as focal points for the rural community.[8] Far from being coincidental, the interval between stations was calculated in accordance with the farmers' needs and the fact that, before the appearance of the automobile on a large scale, they were utterly dependent on horsepower. Indeed, all travel, all communication beyond farm limits to the broader community, was tied to the speed and range of a horse. Consequently, stations were spaced deliberately to ensure that a farmer could deliver a load of grain, shop for supplies, return home and finish his farmyard chores in the space of a single day.[9]

But as towns grew up around the stations, "a great deal of ingenuity was called for in naming [them]." Some were called after a local settler, others after a physical setting, and still others after an early homesteader's experience on the land. Towns also were named for federal or provincial politicians (e.g., Borden and Calder), or for such important events as the accession of King Edward VII to the British throne in 1901 (e.g., Coronation and Consort) and the Boer War of 1899-1902, the first foreign conflict in which Canada participated as a nation (e.g., Major, Holdfast, Stalwart and Imperial).[10]

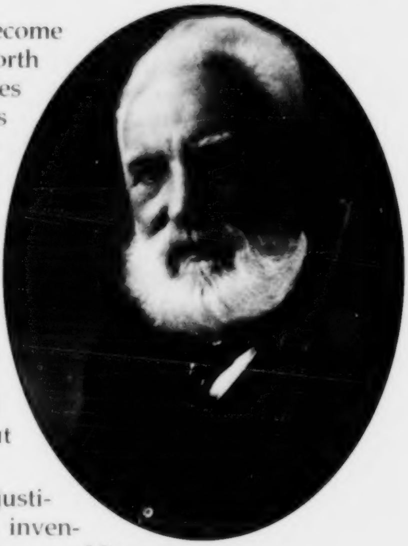
According to historian John Archer, it was the phenomenon of successful western settlement that made Canada a nation, "and the making generated an aura of confident strength." But, he continued, the optimism of the country "depended ultimately on the welfare of the homesteader, who toiled and sweated to sow and harvest, that his life might be fuller and better—next year."[11] That faith in the future, writes Alberta historian Doug Owram, "is an essential part of the farmer's character if he is to persevere in his precarious livelihood."[12] In other words, it was one thing to create a new province by simple Act of Parliament, to provide it with a constitution, government structure and administrative apparatus empowered to pass laws to ensure peace, order and good government—the hallmarks of Canadian society. But it was quite another matter to create out of such a sparse and widely dispersed population an organized, integrated and identifiable community able to sustain itself. For this reason, wrote Norman F. Black in 1913, at the peak of Saskatchewan's early boom:

> *The citizen body gradually came to realize that it is not sufficient merely to induce [more] settlers to take up land, but that it is also necessary to surround them with social conditions which will keep them permanently a contented and prosperous farming community.*[43]

The telephone was a vital element of these "social conditions." And the development of a provincial telephone system that "would meet the social and business necessities of the growing West" was, accordingly, a subject of perennial interest even before Saskatchewan was created as a province of Canada.[44] Because of its ability to conquer time and space, the new device was seen as a potential means—along with railways and good roads—to overcome the farmer's customary isolation by putting him directly in touch with the towns where he sold his grain, bought his goods and formed his social relationships. The problem was, however, that telephone development across Canada in these early days was controlled exclusively by private firms, which invested eagerly in lucrative town markets. But "due mainly to the distance between farm homes and the consequent number of telephone poles and yardage of wire required per telephone installation, venture capital was rarely forthcoming for rural telephone systems considered to be of doubtful value from the standpoint of profitable investment."[45] An alternative provider had to be found.

THE TELEPHONE COMES WEST

The telephone arrived early in the Canadian West. It moved across the prairies almost as quickly as the construction crews of the Canadian Pacific Railway. They led the drive to western settlement in the 1880s. But telephone development in general was very rapid. In fact, just weeks after Alexander Graham Bell (1847–1922) obtained his first patent in 1876, the new device was tested concurrently in Hamilton, ON, and Bell's own resident city of Boston, MA. The same year, the world's first long-distance phone call was made from Brantford (where the inventor had conceived the fundamental idea of the telephone in 1874) to Paris, ON. A year later, Prime Minister Alexander Mackenzie (1822–1892) obtained two of the devices for government use in his concurrent capacity as Minister of Public Works. He had been contacted by a constituent, Alexander Melville Bell (1819–1905), to promote the use of "a speaking telephone" just invented by his son, Alexander. The prime minister decided that at $20 per annum, the government could afford an experimental line between his office on Parliament Hill and the governor general's residence at Rideau Hall.[46] On 3 September, a telephone box and wooden-handle apparatus were duly installed at both places. Although Lord Durham, the Governor General, was absent on a tour of the Northwest Territories, the device was tested (wrote a local reporter) "with eminent success." "The Telephone had arrived in Canada!"[47]



(Source: National Archives of Canada C17335)

Alexander Graham Bell (c. 1914), patented his invention of the transmission of speech over wires in 1876. The following year he founded the Bell Telephone Company. He went on to invent phototypes and many other inventions in common use today, and perfected the gramophone.

In fact, by 1878 telephones had become commercially available in all major North American cities, and many smaller centres across Canada as well.[48] Although Bell's detractors dismissed his invention as a mere toy, and eventual rivals such as the Western Union Telegraph Company initially viewed the telephone as little more than a curiosity to be ignored, Bell himself understood the real possibilities of his device. In 1876 he predicted to his father that "the day is coming when telephone wires will be laid to houses just like water or gas – and friends converse with each other without leaving home."[49]

Nor was his vision of the future unjustified. Practically from the moment of its invention, the telephone generated tremendous public interest. As historians Christopher Armstrong and H.V. Nelles observe, in North America the concern to be up to date, to be "progressive," is "an appetite as basic as hunger." Moreover, as the novelty of the new instrument broke down initial market resistance, what was regarded at first as a luxury gradually became a necessity to increasing numbers of consumers.[50] Coupled with this was the contemporary view of science generally, and the theatre of scientific achievement specifically, as "a moral pageant." Novelty and utility attracted praise and admiration from nineteenth-century people, to be sure. But such new inventions as the telephone were admired, too, in an age when belief in the potential benefits of science to mankind took on the properties and passion of religious faith, because in both the popular and professional imagination scientific advancement also promoted social and intellectual betterment. These were the keys to progress. Consequently, inventors such as Alexander Graham Bell and Thomas Edison (1847–1931) were the heroes of the moment:

> *They became lasting symbols of what has been termed the "character ethic." In both its British and North American canon, engineers and inventors figured as the foremost exemplars of "character" and "success."*

In short, it was possible to think of such men and women as dedicated public benefactors, "because their devices advanced everyone's well-being."[51]

Quite naturally, therefore, the telephone came west with settlers who brought with their other household possessions the cultural baggage of a former life, complete with deeply engrained perspectives, ideals, customs and traditions. All of this they endeavoured with varying degrees of success to transplant in the rich soil of their new land. Part of what they carried—at least those from eastern Canada and the United States—was the contemporary fascination with, and growing taste for, developing technologies and "modern conveniences." Among these items, one of the most compelling and practical was the telephone. Thus, hard upon homesteading heels followed agents of the Bell Telephone Company, keen to exploit a western Canadian market whose rapid increase had been underestimated even by surprised telephone executives in central Canada and the United States.[12]

Just recently rescued from its shaky financial beginnings in 1878 by the financiers Gardner Hubbard (1822–1897), William H. Forbes and Theodore Vail (1845–1920), the newly reorganized National Bell Telephone Company (est. 1877) began quickly to dominate the American field from its headquarters in Boston. This was due to the comprehensive monopoly strategy laid down by its three saviours, according to which the company handled all aspects of the business from research to operation. Not only did it manufacture its own standardized equipment, which then was leased rather than sold to subscribers, it also secured all rival patents for telephonic improvement and innovation. In addition, it formed locally owned, regional operating companies—in which National Bell held a controlling interest—that were bound to strict licensing and equipment-purchase contracts. Finally, the corporation built long-distance lines that linked regional telephone concerns into the beginnings of a national system.[13] In short, by combining the key factors of continuing technological development, in-house manufacturing and control over operation of service on both the local and regional levels, the National Bell Company soon gained almost complete mastery over the telephone business in the United States by 1880. This process was aided by the corporation's determination to protect its growing empire from would-be challengers through the courts. Indeed, each element of the strategy implemented by Hubbard, Forbes and Vail "reinforced monopoly and centralized control, leaving the few remaining competitors isolated and weak by comparison."[14]

Meantime, National Bell also expanded its operations northward into the chaotic, though fertile, Canadian field, where local companies had emerged without any attempt at central coordination or control; where scarce capital was squandered in haphazard growth and dispersal; and where unregulated competition endangered the whole telephone business because of uneconomically low rents, widespread duplication of services, incompatible equipment and conflicting claims.[15] National Bell's first step, therefore, was to acquire the 75 percent share of the Canadian interest that Alexander Graham Bell had given his father in 1876. With little aptitude for business and no interest in developing the franchise, Melville Bell's "main preoccupation during the time he owned the Canadian rights to the Bell patents was with selling them."[16] He was unsuccessful. The problem was that those firms with the most to gain or lose from the introduction of the telephone "responded sluggishly to both the opportunity and the threat." They tended to view the device not as a substitute for the telegraph, but as a costly encumbrance to normal business.[17]

This certainly was the opinion of Thomas Swinyard, general manager of the Dominion Telegraph Company of Toronto (est. 1868). He scorned the new invention. Nevertheless, his subordinates recommended that the company become the Canadian agent for the Bell patent. They recognized better than he that "whoever could control the telephone, could command the bulk of the telegraph business, and the telephone was used principally as a lever to this end."[58] "In this age of advancement," wrote one of Swinyard's subordinates,

> *it is impossible to foretell to what use and perfection the Telephone may be brought and it therefore behooves us to protect our future by controlling one of [the companies] so if it ever replaces the present system of Telegraphy, we will be prepared to use it, to save and utilize our present organization.*[59]

Hence, on 18 February 1879, Dominion Telegraph secured an exclusive license to operate the Bell Telephone patent in Canada for five years "as a weapon of defence."[60] Lewis B. McFarlane, Dominion's manager in London, ON, next advised that the Bell patent be purchased outright. He saw this as a means of extending the company's telegraph service easily and cheaply, while excluding potential rivals from the business, increasing profits, and drawing returns from the telephone lines that Dominion already had built "at considerable expense" as Bell's agent. If the patent fell into the "hostile hands" of a rival, McFarlane warned, "we will be losers in prestige and financially." Besides, he concluded, the rights could be bought for a mere $5,000 to $12,000.[61] The Dominion Telegraph Company was thus unprepared when Melville Bell demanded $100,000 for his patent on 12 August 1879. Unable to raise that kind of money, Dominion declined the offer of sale.

Seeing a profitable opportunity, National Bell snatched up the Canadian rights early in 1880. It then proceeded to develop the new territory along the same lines that it employed in the United States. To that end, proceedings were begun almost immediately to incorporate the Bell Telephone Company of Canada, with a specific view to absorbing as many of the scattered and competing interests as possible "for the purpose of working the entire telephone system of Canada."[62] In fact, its founding charter (granted in 1880 by Act of Parliament) gave the new company a virtual monopoly in the field, with authority to operate its business, raise capital, erect lines along public thoroughfares, manufacture telephones, form joint ventures, etc.[63]

Consequently, within a single year the new enterprise already had secured a dominant position in the young country's fledgling telephone industry, while taking additional legal precautions to guard against the possibility of damaging private competition.[64] This was accomplished under the capable and aggressive leadership of a dynamic general manager, Charles F. Sise (1834–1918), who boasted a little prematurely to his superiors in 1881: "We now have the entire field in Canada."[65] But his claim was not far from reality. With the final consolidation of the company's patent holdings in 1882 and a broadening of its initial charter by parliamentary amendment that not only protected it against potentially hostile actions on the part of provincial or municipal governments (only Ottawa possessed jurisdiction), but also declared its operations "to be for the general advantage of Canada,"[66] the company possessed unprecedented power over public and private property. This allowed it to develop its markets and build its system with a free hand.[67] The company was thus well positioned for rapid expansion.

To facilitate that growth, Sise's next task was to streamline basic operations so as to fashion a profitable and integrated telephone system from Bell Canada's disparate holdings in Ontario, Quebec and the Maritime provinces on a monopolistic footing. In addition to raising equipment rents to recover costs and provide reserve funds for future expansion, he regularized operating procedures. He canceled free telephone privileges except for senior company officials and secured the right of way for telephone poles in urban streets and alleys. He also standardized reporting schedules to permit closer supervision of expenditures. Above all, Sise encouraged his agents to promote telephone development in districts already occupied, and discouraged the establishment of small, isolated (i.e., rural) exchanges. He wanted, in brief, "deeper market penetration in already wired, more profitable urban areas," according to National Bell's usual tactic of occupying a territory fully and quickly so as to deny prime business opportunities to potential competitors.[68] The provision of long-distance service *in advance* of need was vital to this approach, since it gave prospective Bell subscribers access to an ever-growing national network, which rival companies were unable to offer.[69]

It was both natural and necessary, therefore, that Bell Canada extend its operations westward into Manitoba and the Northwest Territories, to take early command of the opening telephone market. So successful were these first efforts, and so eager were people to obtain the convenience, that by 1882 the company's exchange at Winnipeg—exactly the kind of established urban centre that Sise instructed his agents to exploit—served 110 subscribers, with seventeen more at Portage la Prairie. In fact, the potential for business was so promising that even Brandon was equipped with a switchboard capable of accommodating 50 customers.[70] Observed the *Winnipeg Daily News* (later renamed the *Manitoba Free Press*) of the growing popularity and demand for the new device:

> *The telephone has now become so indispensable a means of communication that want is already being felt of a word analogous to "telegram" to describe messages by telephone. A contemporary suggests "telepheme" as being both etymologically correct and moderately euphonious. It will now be in order to speak of sending a telepheme to the Central Office, or to Mr. So-and-so.*[71]

The word, of course, never caught on.

Later the same year the telephone arrived at Regina. Despite much opposition, this settlement became the capital of the Northwest Territories in 1883, even though at the time Prince Albert was the largest town in the region and Moose Jaw was the most important rail and transportation centre with the coming of the railway.[72] First dubbed "Pile of Bones," the township (for it was not incorporated formally until December 1883) was rechristened "Regina" on 23 August 1882 in honour of Queen Victoria (1837–1901). Presumably the more descriptive, and certainly more picturesque original name was considered either too inauspicious, too rustic, too evocative or too grim for the growing settlement, let alone a future territorial capital that as early as 1885 was hailed grandiosely as the "Queen City of the Plains." Whatever motivated the change, the community mushroomed overnight from very humble beginnings until by early December 1882 it boasted

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Regina as it appeared in 1882.

between 900 and 1,000 inhabitants.[73] Nevertheless, Regina remained for the time being a virtual tent city with only a few wood-frame buildings, some prefabricated houses shipped out from Toronto and, curiously, seven lumber yards. This was due chiefly to rumours, as yet unconfirmed, that the territorial capital was to be moved from Battleford, and the consequent uncertainty over where to locate public buildings in the event that Regina was selected.[74]

It was during this period of rapid growth and political speculation in the winter of 1882–83 that the settlement obtained its first telephones, though accurate information on this remains sketchy. As to be expected, Bell Canada was an early entrant into the field. Instructed by his superiors back east to "visit places where you consider there is a prospect of success and take orders" for telephone service (always providing, of course, that local demand was sufficient to warrant the investment),[75] Frank G. Walsh, the company's agent at Winnipeg, scouted possibilities at Regina in autumn 1882. By year's end the town had 20 telephones in use on ten private lines, all of which appear to have been owned and operated by Bell Canada. At least, the company's old accounting ledgers list the first rental receipts for telephones on private lines in the community at this early date.[76]

But Bell Canada was not the only agency to promote telephones in the growing township at this time. In December 1882 the North West Mounted Police (NWMP), headquartered at Regina, also began construction of a rudimentary phone system in order to link their barracks west on Dewdney Avenue to their town station/telegraph office on South Railway Street near Broad Street.[77] Operated by battery (an electric power plant was not installed in the city until 1890), this basic system soon connected other subscribers along Dewdney Avenue, including the territorial administration buildings and Government House, the residence of the lieutenant-governor. A year or two later a telephone similarly was installed at the railway depot for the use of the station master.[78] Thus even before the inaugural issue of the Regina *Leader* rolled off the press on 1 March 1883, the town had two independent telephone systems in operation. Moreover, just eight months after its foundation, the *Leader* announced approvingly that the "use of the telephone is making good progress in the city." The same report noted further that the most recent addition to the system operated by the NWMP was the Palmer House Hotel, which in turn was connected by special wire to Gillespie's Livery Stables. There were plans as well to hook up the post office and other places that bordered the police line. "No doubt," the newspaper concluded, "the time is not far off when an exchange will be established" to facilitate the increasing business.[79]

Yet Regina was not the only place in the future province where basic telephone service was introduced and developed at this early date. At Indian Head, 42 miles to the east, was the massive Bell Farm which, with 53,000 acres of land covering an area of more than 82 square miles, was reputed to be the largest in the world.[80] Named after Major William R. Bell (1845–1913—no relation to the inventor), its founder, principal owner and general manager, the enterprise was incorporated officially in 1882 as the "Qu'Appelle Valley Farming Company Limited." An experiment in the application of modern industrial management techniques to the realm of large-scale agriculture, the farm's operation was unique for its time. It was conducted with all the refinements of big business, which combined large amounts of land, labour and capital in a pattern already developed by the contemporary factory system of mass production.[81] But just like any other large industry of the day, success depended heavily upon effective communications, especially given the sheer magnitude of the enterprise.

Consequently, in 1884 Major Bell installed a private telephone system to coordinate all farming operations from a central point. Apparently using ordinary barbed wire as his line, the system consisted of a single strand that formed part of a fence, and which ran between hand-cranked magneto telephone sets, using the earth as a return conductor. Whether the sets in use were purchased or leased from Bell Canada or some other agency is unclear. That they were hand-made on the farm is also possible, since telephones were very easy to reproduce once the principles were understood.[82] One, for example, was fabricated by the Moosomin *Courier* in 1887 from an empty cigar box, a string of copper wire and an ordinary trouser button. According to reports, a conversation was carried "without any difficulty" along a wire strung from the *Courier*'s composing room to a house 300 yards away. The primitive device itself, meanwhile, could "be had and rigged for the price of $1."[83]

Whatever the case, Major Bell's residence was connected by an early form of party line to the living quarters of each of his nine divisional foremen, who were situated at different stations on the farm. At eight o'clock every evening, the major issued his instructions and received reports over the telephone, which allowed him to supervise general operations from his office. As he explained in an interview given to the *Pall Mall Gazette* on a visit to Great Britain, local matters were left to his various foremen, while "imperial concerns are reserved for me and my telephone."[84] In this way, added Bell, the whole "machine" (as he termed it) worked as easily "as if it were a matter of thirteen and not of 13,000 acres, and all the discussion about the comparative advantages of large and small farming is really rather out of date, for the telephone enables you to combine them both." Furthermore, he continued, the device "enables us to annihilate space, machinery, [and] to economize labour," whether of farmhands or horses, because it permitted the delegation of localized authority and the application of centralized coordination at the same time. This gave Major Bell an immense advantage over other large farms operated from a single centre, which often required teams of horses to walk four or five miles simply to get to work. That, he sneered with the contempt of a modern industrial capitalist, "is sheer waste."[85]

It was the Northwest Resistance of 1885, however, that seems to have given the real stimulus for further telephone development in the Northwest Territories. Although reasonably dependable in town, the infant systems installed at Regina and elsewhere were not only independent of each other, they were also precarious at best and certainly incapable of relaying messages over wide distances. The technology was still very new and there was as yet no national network. Nor were there any links to rural communities from the few urban centres that enjoyed telephone service. Thus, for the time being the telegraph remained the only reliable means of rapid contact between distant points in good times or bad. In fact, as late as the Great Depression of the 1930s until the end of World War II in 1945, many Saskatchewan residents continued to regard it as "the prime instrument for long-distance communication, particularly international."[86] The great attraction of the telephone during a crisis, however, was swift and direct *verbal* communication by which an emergency could be explained to any listener, without the need of a specially trained (and well-paid) telegrapher to relay messages at either end of the line. Hence, telephonic communication was both time-saving and less expensive, on the principle that "it took talent to be a telegraph man but any fool could answer the telephone."[87]

Already some movement had been made toward expanding telephone use in the Canadian West under federal government auspices. Following an extensive inspection of the state of the telegraph across the Territories in 1883, F.N. Gisborne (1824–1892) of the Dominion Telegraph Company urged two reforms. One was the construction of new lines to connect various points throughout the region. The other was the introduction of telephone service at specific places as a means of increasing telegraph operations at relatively low cost. On the strength of his report, the House of Commons voted $750 to build a new telephone link from the temperance colony of Saskatoon (est. 1882, and consisting at the time of only four unfinished houses) and the telegraph at the tiny outpost of Clark's Crossing, 14 miles to the northeast.[88] Not until two years later, however, was the line actually built by Saskatoon's Temperance Colony Pioneer Society, the authorities in Ottawa having been distracted by the outbreak of the Northwest Resistance in spring 1885.

As the resistance spread from Batoche, "the heart of the Métis settlements,"[89] across the central and northern portions of the Territories as far as Frog Lake to the west, in the south the Dominion Government hastened to erect new telegraph lines to ensure better defence of the region. One of these stretched from Calgary to Fort Macleod and Lethbridge. A second was built from Moose Jaw to Wood Mountain—an area "considered to be a point of great strategic importance, commanding as it did some of the most frequently travelled trails between the Saskatchewan River ... and the State of Montana."[90] Significantly, in addition to the telegraph, a telephone also was installed at either end of the Moose Jaw-Wood Mountain line "for experimental purposes."[91] According to J. Stuart Macdonald, Wood Mountain's telegrapher at the time, "these instruments worked as clearly as those of today [1930]," despite the many technological improvements since their initial installation.[92]

With the return of normalcy following the defeat of Louis Riel in May 1885, and his subsequent execution in November, the NWMP became ardent proponents of the telephone. Given their duty to maintain peace and order with a handful of men over a vast territory that was increasingly open to settlement, they recognized better than anyone the necessity of effective communications if they were to succeed. The horse was simply too slow; the few telegraph lines that existed ran mostly east and west[93]; and even railway service was rudimentary. From Regina, therefore, Commissioner Laurence W. Herchmer (1841-1915) wrote in his annual report for 1888:

> *The introduction of telephones will, I expect, at a very early date, greatly increase our efficiency and effect an enormous saving in the wear and tear of men and horses. In the few places where we have them we find them a great boon and we cannot understand how we got along without them.*[94]

Other high-ranking officers added their voices to a growing chorus of recommendations. They wanted the construction of new telephone lines not only to connect NWMP barracks with their town offices, but also to link their various stations throughout the Territories on Commissioner Herchmer's argument that telephones "are required at nearly every post, and I would earnestly recommend their early authorization."[95] Frederick White, the NWMP's first Comptroller, even urged that old telegraph lines in need of repair be rigged for telephones instead. Herchmer readily endorsed the plan,[96] due to growing dissatisfaction with existing telegraph service. The Canadian Pacific Railway (CPR), which held exclusive title, refused to provide regular maintenance for lines that were frequently out of order, while its operators were often absent from their posts.[97] But when the cost in money and manpower proved too great for such a scheme, White's proposal was abandoned.

BELL CANADA, EXPANSION AND COMPETITION IN THE TERRITORIES

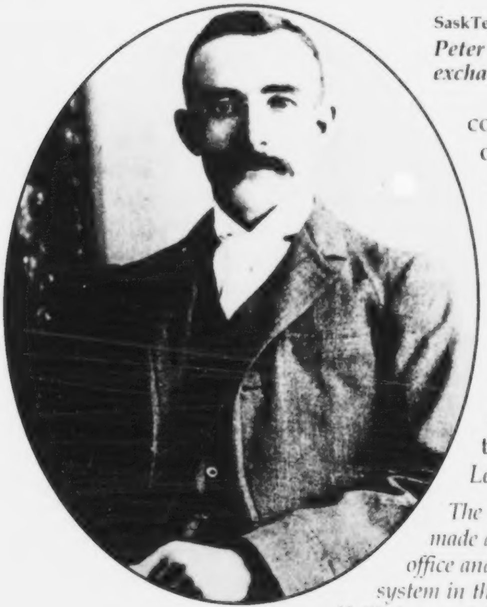
Meantime, Bell Canada continued to build its monopoly almost uninterrupted. As historians Armstrong and Nelles demonstrate, having acquired by 1885 all of the major telephone companies and patents, established a firm financial and managerial foundation, and buttressed its domination of the business with complex legal and legislative defences, the corporation commanded the major markets in eastern and central Canada. Such control also enabled it to regulate the addition of new subscribers to its service and increase its cash-flow. This allowed for repairs, renewals and extensions to its system.[98] The same year, however, the company faced the first real challenge to its predominant position when the Bell patents it had purchased in 1880 were voided by the Dominion Government. A competitor, seeing the patents in its way, had complained to Ottawa that Bell was continuing to import certain protected items from the United States heedless of the law that required the manufacture in Canada of all patented articles.[99] The government's action thus opened the way to legal competition, which general manager Charles Sise anticipated would emerge principally in small centres poorly served by the Bell system and in profitable metropolitan markets.[100]

The company's directors responded quickly to the new situation by revising their monopoly strategy. Recognizing that Bell Canada could not finance the industry for the entire country, they settled the company's business affairs in the Maritimes in order to focus on expanding more rapidly the lucrative telephone markets of Quebec, Ontario and the West. The new plan called for ruthless competition with would-be rivals wherever they encroached upon Bell's territory, acceleration of the "preemptive investment" program in long-distance construction, and formation of tactical alliances with the various railway and telegraph companies in the form of exclusive service agreements.

Specifically, in return for telephone concessions, or in some cases via the outright purchase of a controlling interest in their telegraph operations, the railways came on board one by one. As a result, by 1900 Bell was the only telephone company allowed to string wires on railway property, or to handle calls to and from railway stations anywhere in central or western Canada.[101] Its telephone monopoly did not just happen, therefore. "It was created and then protected in a vicious struggle" against potential competitors who were no match for the company's methods. Bell's long-term strategy was aided, as well, by a fragmented Canadian political system that not only placed few obstacles in the way of the company's bid for control, but also contributed in practical ways to its consolidation.[102] Consequently, as the corporation flourished, its revenues reached such embarrassing levels that general manager Charles Sise thought it wise to conceal some of the earnings in a draft statement for 1890, so that the company's profits "may not appear to be *too* good."[103]

The impact of Bell Canada's revised strategy was felt almost at once in the Saskatchewan portion of the Northwest Territories. Between 1883 and 1884, when Sise's Log Book showed only nine subscribers at Regina,[104] business seems to have declined. This was due, perhaps, to economic recession or simple uncertainty thanks to the Northwest Resistance. That had led many men to join the "Regina Blazers," a local militia organized in 1885 for home defence during the crisis. Under the circumstances, it says much for the company's loyalty to its personnel and its determination to hang on despite a momentary down-turn in the business climate, that Sise authorized his agents at Winnipeg "to continue [the] salaries of employees at the front."[105]

By mid-1885 and the defeat of Riel, however, the market revived to Bell's advantage. For one thing, it appears that at some point during the crisis, the NWMP had transferred a measure of control over its rudimentary telephone system in Regina to Bell Canada, from which the police then leased five telephones. This is suggested by a letter from Comptroller Frederick White to Lieutenant Colonel A.G. Irvine, in which he noted his concern over rising telephone costs. "It appears to me," wrote White, "that it would be cheaper for us to buy the instruments and take full charge of the line ourselves. What do you think of this proposition?"[106] Considering that Bell charged an annual rental of from two to 10 times the cost of a telephone, "and upon condition that no other make of instrument or appliance should ever be used in



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Peter Lamont, owner of the first telephone exchange in Regina

connection therewith," regardless of quality, this was not an idle question.[107] But the query was moot, of course, since the Bell Company had a strict policy of only renting telephones, not selling them.

In any case, that partial control became complete in 1887 when the company set up its first exchange in Regina and, incidentally, in Saskatchewan. As the *Leader* reported on 30 August:

> *The Bell Telephone Company have made arrangements to open a central office and establish a regular telephone system in the town. They will assume [full] charge of the [NWMP] line between the police station and the Government buildings. Between 25 and 35 subscribers will be numbered among Regina's citizens.*[108]

This was a response to local complaints that the system was tied up constantly, and to police complaints that messages could not be kept secret on the open lines, thus hampering NWMP operations. Besides, the Territorial government also expressed an interest.[109]

During the remainder of the year, the *Leader* monitored the progress of Bell's construction program with mild interest, noting on 20 September, for example, that "the work on the telephone system is going steadily on." Poles with a capacity for 10 wires were erected on all the principal streets by permission of the Town Council (granted on 14 October), while individual circuits were strung to such important buildings as the jail.[110] The *Leader* next reported that the central office was to be placed in Peter Lamont's bookstore, located halfway between Hamilton and Rose Streets on the corner of South Railway (now Saskatchewan Drive).[111]

A native Prince Edward Islander, Lamont had moved to Regina in 1883. Two years later he secured the position as Bell Canada's first agent in the Territorial capital,[112] which kept him busy. "Being office manager, promoter, collector and trouble shooter all at the same time," noted his obituary in 1941, "Mr. Lamont spent many troublesome days repairing his own telephone poles and wires."[113] His only help came from the single clerk he employed in his bookstore, a 17-year-old Englishwoman named Emily Lander (1869–1953), who had come to Regina in 1885. Immediately, she took charge of the new battery-powered Gilliland switchboard installed on 26 October 1887 to become the Northwest Territories' first operator—or "Hello Girl," as she was nicknamed from the manner in which she answered calls with the words, "Hello,

SaskTel Archives

Miss Emily Lander, Regina's first telephone operator

Central." Very quickly, Lander became an important source of local information (and some light gossip) "in that age of monthly newspapers":

> *She could tell you if a train was on time; about the time and place of a meeting: she could tell you if the maple syrup had come in at the grocers, or who skated the Home Sweet Home band with whom at the rink last night.*[114]

Looking back on the various events of 1887, the *Leader* reviewed the Bell system's progress in Regina with approval. It now served between 25 and 30 subscribers, at an average yearly rate of $33.50 each ($5 cheaper than in 1884).[115] These customers included Government House, the NWMP barracks and its town station, the Indian Department offices, the court house and the postmaster, along with a variety of private patrons such as the Windsor Hotel. Even the newspaper became a Bell subscriber, proclaiming on 25 October:

> *The* Leader *office has now telephonic communication with all the principal business houses in town, as well as with the Barracks, Government Offices, Indian Department, etc. Businessmen can telephone orders for job work, advertisements, etc., and they can rely on obtaining prompt attention and satisfaction. No expense is being spared to keep up the* Leader's *reputation as a live, newsy and thorough North-West paper.*[116]

"Obtaining a telephone," remarks modern writer Keith Foster, "seemed to be as much a status symbol as a sound business move."[117] In short, boasted the *Leader*, "we have the most complete and extensive telephone system in the Territories, put in at a cost of nearly $2,000 and managed with entire satisfaction by Mr. P. Lamont and his young operator, Miss Emily Lander."[118]

Yet not everyone was as pleased as the newspaper claimed. One subscriber, signing himself as "a Victim," complained in a letter to the editor that many people were unhappy with "the present working." The telephones were either "too old or are not attended to often enough," while service at the central exchange was slow. "We should have a thoroughly efficient service," he fumed, "or none at all."[119] His wish almost came true early on the morning of 15 March 1890 when fire destroyed much of the business centre of Regina —"a conflagration of so serious magnitude as to sweep South Railway street clean from Broad to Rose Streets."[120]

Although Lamont's store and telephone exchange escaped the flames, many of his commercial subscribers did not. In all, five telephones were destroyed, along with much of the system, while 21 more patrons were cut off from service because of the damage. Lamont moved so swiftly to restore burnt poles and string new wires, however, that just 10 days after the blaze, on 25 March, the *Leader* was able to report that the telephone system "is again in working order."[121] In the process, Lamont added a number of new subscribers until, by the following year, there were 60 in all, almost double the number of patrons in 1889. By then, the whole system also had been converted to electricity, thanks to the establishment of a new power plant, in order to provide electric lighting for the town.[122]

Meantime, Frank Walsh, who assumed the Bell agency in Regina after Peter Lamont resigned the position in 1890, cast his eyes toward Moose Jaw as a prospective market for telephone service. Three years later, on 2 September 1893, Bell Canada opened an exchange on the northeast corner of Main Street and River Street East, under Walsh's direction, with 23 subscribers. But when the system eventually proved to be unprofitable, it was sold for $500 on 26 August 1899 to Elizabeth Gass, wife of the local postmaster and former manager of Bell Telephones in the town from 1898-99.[123] In 1904, her husband C.A. Gass installed an early pay phone (at 5¢ per call) in the CPR commercial telegraph office on Main Street "for the benefit of the public."[124] This was a relatively new innovation in telephone service. By that time, there were 56 subscribers, which made the installation of a new switchboard necessary to manage the increasing business. But the telephone plant in Moose Jaw soon changed hands again, when it was absorbed by the Saskatchewan Telephone Company (incorporated on 29 May 1905).[125] In addition to its town exchange, the new company extended long-distance lines to neighbouring Weyburn, Estevan and Rouleau, where a large number of shareholders lived.

Other towns in the Saskatchewan portion of the Northwest Territories also began to develop telephone service independently of Bell Canada at this time. A common feature among several of them was the extension of rural lines to connect farmers—as yet an unprofitable part of the business that Bell assiduously avoided. In Prince Albert, for example, a telephone system was installed by local citizen R.W. Biggar a year following the arrival of the railway in 1890. He was also granted a three-year franchise in June 1891 to provide the town with electric lighting.[126] But it appears that Biggar fell into financial difficulties and eventually sold his plant to Bell Canada. About the same time, in 1892 or 1893, Oliver Neff and a few associates established an early telephone system in Moosomin, just next to the Manitoba boundary in the southeast. It served 30 urban subscribers.[127] Soon the plant began to expand into rural districts as well. This was a natural development given the town's former significance as the most important railhead in the future province and, consequently, the gateway to the Northwest Territories. Thus, shortly after the turn of the twentieth century, the Moosomin Telephone and Light Company (as it was called) began construction of long-distance lines to Wapella, Fleming, Valley, St. Andrea and other points of the compass.[128] Although absorbed by Bell Canada in 1905 during the extension of its own long-distance circuits, by 1912—three years after the system had been sold along with the rest of the Bell plant to the new Saskatchewan government—

Moosomin boasted the largest exchange in the province outside the cities. It also claimed the largest number of rural connections.[129]

At Yorkton, meantime, local jeweler and telephone hobbyist Thomas Paul similarly established a small exchange (c. 1900) above his store, located in the Carson Block, where his two daughters worked as operators. (In fact, many of the early exchanges, including those opened after 1909 by the newly formed Department of Telephones, were family-run affairs.) This rudimentary system soon proved its worth as an asset for the community, with the result that the Town Council awarded Paul a tax-exempt monopoly for the telephone franchise. Then, in 1902, when his plant was serving 77 subscribers in town and a further 52 on farms outside the urban limits, Paul formally incorporated his growing business as the Yorkton North West Electric Company Ltd. This was a joint-stock enterprise with a capital of $20,000 raised from the sale of shares at $1 each.[130] Not only did the town itself become a major investor in the new company, buying up 1,000 shares, but the business community also took note of the telephone system's potential value for its future prosperity. Indeed, predicted the *Enterprise*, the local newspaper:

> *If any thing is going to make Yorkton a commercial centre, it will be our magnificent telephone, which will connect farmers from all over the country with our merchants, doctors and lawyers, and the press.*[131]

In contrast to Prince Albert, Moose Jaw, Moosomin and Yorkton, Saskatoon did not obtain telephone service until after the turn of the century. It was only then that the small settlement of perhaps 400 people began to swell rapidly at the start of a boom period which saw it eclipse many older communities in the Northwest, such as the Battlefords, in terms of growth and importance. Nevertheless, by 1903 there had been some early talk about developing telephones in town, provided that sufficient encouragement was forthcoming from the residents. But when nothing concrete transpired, Dr. J.H.C. Willoughby took the initiative to establish a private line between his home and office. Even before completing it, he was besieged by neighbours who asked him to connect them, too.

In fact, so keen were people to have the service that in October a petition was circulated "by parties sufficiently enterprising" to ask that a telephone system be established in the near future.[132] Armed with the signatures of about 50 citizens who "already signified their willingness to become patrons," and the confidence of fellow promoters of the scheme "that the enterprise will be successful,"[133] Dr. Willougby applied to the Town Council for a telephone franchise.[134] Anticipating a positive response, the Saskatchewan Telephone and Electric Supply Company was incorporated on 23 November with a capital of $5,000 dollars divided into 50 shares at $100 each. (The name changed in 1907 to The Northwest Telephone Company, however, because of conflict with the Moose Jaw concern, which claimed the original as its own.) After due deliberation, the Town Council approved Willoughby's application and an agreement was drawn up. Under its terms, the new corporation was granted the franchise for telephone development for 10 years (the doctor had asked initially for 20), with rates fixed at $20 per annum for private residences and $30 per annum for businesses.[135] "A telephone central will soon be a fact in Saskatoon," trumpeted the *Phenix* that autumn:

> *By the time this issue reaches the readers, most of the new Company's telephone poles will be erected. The central office is situated in Blain's drug store on 1st Avenue. May the venture which will prove to be a great boon, be a success. It shows our neighbours we are all alive.*[136]

Not until April 1904, however, was the system actually operational, thanks largely to a shortage of receiving sets and other equipment. Consequently, only about a dozen subscribers were served at first. By the fall, however, the plant was established to the point that it began expanding service not just in town, but also in surrounding communities such as Nutana and French. "This will be a great convenience," observed the *Phenix*, as "Saskatoon will not be cut off from the outside world again, in case the bridge goes out." Clearly, concern over the town's relative isolation still haunted the citizens, no doubt heightened by lingering memories of the Northwest Resistance when its only contact with the wider world was via telephone and telegraph.[137]

Suddenly faced with the need to compete more effectively with the various private companies that were emerging in municipalities across the Northwest Territories, Bell Canada unveiled plans in early December 1904 to upgrade its telephone system at Regina, now a thriving community of over 2,400 people. In fact, it was a regular feature of Bell's maintenance of its monopoly that:

> *Notwithstanding the increased cost of living in the West the low [subscription] rates were continued, and the entire equipment was changed frequently and kept fully abreast of all improvements. As far as the public was concerned, there was no complaint as to the rates or character of service.*[138]

This view was echoed by L.B. McFarlane, a Bell critic, who observed similarly that the company kept pace with the development of the Canadian West "by opening stations at all points where business would warrant."[139]

It was precisely that competitive ethos that had allowed Charles Sise to compare telephone progress in Canada favourably to developments in the leading countries and cities of Europe and the United States as early as 1887. Responding to an article published in a British newspaper, the *St. James Gazette*, on this very issue, Sise wrote in his Log Book for that year:

> *The use of the telephone in Canada is greater (in ratio of population) than in many places referred to in the above clipping. And the cost to the subscriber is much less [proportionately speaking] than in any of those places, when the size of the Exchange or the facilities offered are taken into consideration.*[140]

With telephone service at Regina by now firmly in hand, what Bell did specifically in 1904 was to implement that feature of its monopoly strategy which had been so effective in vanquishing other would-be competitors in central Canada and the United States. S.F. Callender, the company's new agent at the Territorial capital, formally announced Bell's intention to construct long-distance lines—in advance of need—eastward to Indian Head, northward to Lumsden and, eventually, westward to Moose Jaw. The work, to begin the following spring, would connect all intervening places and perhaps some rural telephones, too.[141] This "gratifying news" was embraced by the *Leader*. It predicted that the inauguration of long-distance service would boost local business, "without having recourse to the telegraph or postal services, or going to the expense and trouble of travelling from home."[142] This was the case generally. As *The Canadian Engineer* noted in 1901:

> *Long-distance telephony has worked a great revolution in the past few years, in that it has rendered possible the transaction of business between distant points, which formerly necessitated long and expensive railroad journeys, incurring much inconvenience and loss of time. Now a man may sit at his desk, and in a few moments accomplish the same results by means of the telephone.*[143]

Of course, Bell Canada also stood to profit from the venture. This expansion could ensure the company's domination of the telephone field, centred on Regina, across the southern portion of the Northwest Territories. It also established a firm foundation for future growth throughout the region and gave Bell an effective weapon for use against private companies in Prince Albert, Yorkton and elsewhere, which some day might be absorbed into its monopoly. Perhaps most important of all, however, was that the proposed program of construction could forge an essential link in the company's continuing development of a nationwide network, which no rival could offer. Hence Bell's intention, announced at the same time, to build a long-distance connection between Brandon, Manitoba, and Moosomin, just inside the Territorial boundary.[144] Once in place, the only gap remaining in telephone service between Regina and Winnipeg would be the short stretch, easily spanned, from Indian Head to Moosomin.

The significance of this building program was not lost on the *Leader*. "The Bell Telephone Company," it reported, "now recognize Regina as their Eastern Territorial centre." Moreover, continued the newspaper,

> *although the local exchange has never yet paid its way the Company have such faith in the future of Regina that they are every year spending considerable sums of money extending and improving the system. With the construction of long distance lines, further enlargements and improvements in the local exchange will undoubtedly be found necessary.*[145]

That prediction was soon realized. By mid-November 1905 Indian Head was connected, while work proceeded swiftly on the line to Lumsden.[146] In fact, by autumn 1906 Regina telephones were linked all the way to Winnipeg, including numerous intermediate points such as Brandon, Portage la Prairie, Neepawa and many others. The first long-distance communication over the new system took place between the offices of the *Leader* and the *Manitoba Free Press* on 6 November.[147] (At the time, the cost of a person-to-person call was set at 70¢ per minute during the day; at night, the rates were slashed by half to 35¢.)[148] Additionally, by going through the Winnipeg exchange, subscribers in Regina were brought into "almost instantaneous touch" with communities in Minnesota and the Dakotas south of the border. Another benefit of this long-distance network, cheered the *Leader*, was that it "breaks the monopoly of the CPR Telegraphs." Ultimately the newspaper recognized, however dimly, that Bell Canada saw the Territorial capital as a major hub of a future telephone empire stretching across the country. To that end,

> *it is the intention of the Bell Company to make Regina one of the most important points in its system in the West. Lines will run from this city in all directions.*[19]

To handle the expected increase in business, construction already was well underway on a new exchange building in the prairie city.

Bell Canada's long-distance line to the Manitoba capital was not yet flawless; there were still weak points in the system that required attention. Ironically, however, one of the major criticisms of the company, and one of the chief reasons for the future government of Saskatchewan to become involved in the telephone business, was that Bell's long-distance service was regarded as inadequate. Moreover, its annual subscription rates were considered to be excessive for the quality of service. The fact is that these were mere excuses for action. The real issue was twofold: the company's domination of the telephone field at a time of growing opposition throughout North America to monopolies; and the extension of rural or farmers' lines, at least in the new province of Saskatchewan.

CHAPTER TWO

PRIVATE OWNERSHIP VERSUS PUBLIC OWNERSHIP

IN THE OPENING YEARS OF THE TWENTIETH CENTURY, there erupted a new controversy on both sides of the Canadian-American border that led directly to the establishment in 1908 of a government-owned and operated telephone system for the new province of Saskatchewan. This was the increasingly acrimonious debate, starting as early as the mid-1880s, over private versus public ownership of industries vaguely classified as "public utilities." Pitted against each other in the escalating quarrel were two antagonistic forces. On the one hand were large monopolistic corporations determined to protect and expand their control of certain services free from external interference or regulation of any kind. On the other hand were resentful municipalities equally determined to halt the wholesale chartering of public service corporations by federal, state or provincial governments in a concerted campaign to recover lost autonomy within their own jurisdictions. Connected to, and forming part of, this bitter feud were practical, yet nonetheless serious questions about the quality and safety of the specific services provided, especially in relation to the allegedly exorbitant fees paid by individual subscribers.[1]

At the root of this problem lay conflicting philosophical views of the prevailing wisdom—accepted almost as a matter of gospel in contemporary economic circles—that particular industries, and above all public utilities, inclined naturally, even necessarily, to monopoly. As nineteenth-century English philosopher and political economist John Stuart Mill wrote in 1848:

> *When a business of real public importance can only be carried on advantageously upon so large a scale as to render the liberty of competition almost illusory, it is in an unthrifty dispensation of the public resources that several costly sets of arrangements should be kept up for the purpose of rendering the community this one service. It is much better to treat it at once as a public function; and if it be not such as government itself could beneficially undertake, it should be made over entire to the company or association which will perform it on the best terms to the public.*[2]

At the turn of the twentieth century, no one doubted that telephones constituted a public utility. Indeed, much of the quarrel over private or public ownership turned on the telephone issue, the example most often referred to by opponents of monopoly when presenting their case. Telephone reform and regulation also were the first items to receive the concentrated scrutiny, fruitful or not, of government authorities, such as in 1885 when the Bell patents were voided by Ottawa because they contradicted the statutes governing the manufacture in Canada of patent articles. As a result of this action, Bell Canada became the first major telephone company, and perhaps the first large monopoly, to be exposed to legal competition.[3]

At the same time, however, there was a very practical reason why telephones, as a public service, were upheld as a so-called "natural" monopoly.[4] Unlike any other utility, free competition in the distribution of service could not flourish without great inconvenience to the subscribers. Because "there is no essential personal relation between individual consumers" in terms of connection, it was possible for two or more gas, water or electric companies to operate side by side in an urban centre.[5] Integration of corresponding systems was perhaps desirable from the point of view of efficiency and reduction of waste, but not necessary. To the average person, therefore, it mattered little how many of his neighbours were served by the same water, gas or electric company to which he subscribed, or whether they patronized another.[6] But telephones as a medium of communication were different. As G.H. Rogers, the General Engineer of Bell Canada, pointed out in 1926:

> *The users of telephone service do not want two systems in the same locality, as it results in restricted service to the subscriber or increased expenses if subscribing to both systems. Competing systems separate the subscribers, making communication more difficult and expensive, and it has long been realized that the theory of free competition as a means of securing the best and cheapest telephone service for the community is unsound having regard to the nature and efficiency of the service.*[7]

This practical argument received unqualified support from political economists of the day. They similarly observed that because the "essence of effective telephone service is to be able to talk to any and every subscriber," competing telephone companies, "each having its own set of subscribers, are the height of absurdity."[8] The elimination of competition was, therefore, "not only inevitable but unquestionably beneficial." Going further, however, than the pragmatically-minded engineer, for whom matters of interconnection and natural monopoly were technical, not moral concerns, the economist raised the additional issue of adequate social control of monopolies. As F.W. Taussig wrote in the *Principles of Economics* (first published in 1911): "The only possible question is whether there shall be public monopoly or private monopoly regulated by public authority" to ensure low prices and good service in the place of competition.[9]

THE PUBLIC OWNERSHIP MOVEMENT TAKES SHAPE

Already by the beginning of the new century, practically every continental country in western Europe endorsed the principle of public ownership at either the national or municipal level in tackling the problem of "natural" monopoly, especially as it pertained to the telephone industry.[10] By 1905, even Great Britain had turned at last to state ownership as a solution. In contrast, private ownership of nearly all public utilities had become the general rule in the United States. Given popular impatience in that country to obtain immediate services, "public utility companies had received extensive rights for long terms of years or even in perpetuity and had been asked to assume very few obligations in return."[11] Telephones were exceptional, however. For with the expiration of the fundamental Bell patents in 1893 and 1894, the American public "looked to vigorous competition as the best possible corrective for prevailing monopoly conditions."[12] The result was fierce, almost cutthroat rivalry between National Bell and growing numbers of "independents" over control of the telephone business.

In Canada by 1900, at least a basis for public ownership and regulation had been laid in certain industries, such as government-run railway, power and transportation services in Ontario and the Maritime provinces. Even municipal ownership of public utilities was gaining ground. But the simmering support for this solution to monopolies began to bubble over. "What are the principal motives prompting the increasing agitation in favour of municipal ownership?" asked columnist Roderick J. Parke, in 1898. He gave four: 1) the prospect of reducing the cost to taxpayers and private consumers; 2) the need for municipalities to avail themselves of the profits of commercial services "for obvious reasons"; 3) the current dissatisfaction with service as rendered by the local companies; and 4) local political considerations, and less frequently, purely personal motives among particular citizens. "If it can be shown," concluded Parke,

> *that private enterprise can supply municipal industrial services as cheaply and economically as through municipal ownership, very few will be disposed to question the policy of permitting private ownership to continue, providing, of course, that the private corporation will accede to the popular demand. Unfortunately, however, the local company, secure in the monopoly it holds, more often exhibits an utter disregard for the rights of the public, hence the movement for supplying a remedy through municipal ownership.*[13]

As Parke's appraisal of the issue indicates, the chief problem in Canada prior to 1900 was that utilities promoters had enjoyed a free hand in pursuing their business interests as they pleased, without the nuisance of external regulation. Moreover, the protection (which some called collusion) of sympathetic judges and politicians, advantageous legislation, and not a little guile, had allowed entrepreneurs to concentrate on subduing potential rivals in order to ensure "that [their] 'natural' monopolies stayed that way."[14] City and town councils had discovered, meantime, that granting franchises did not guarantee, let alone increase, their control over these companies. Meanwhile, consumer complaints about poor service and high rates "added further resentments to the popular indictment of monopolies."

The result, note Armstrong and Nelles, was the rapid growth of civic populism as a nationwide protest movement "against inadequate service by arbitrary, self-serving monopolies from which a small élite grew conspicuously rich."[15] Popular frustration, combined with a shared concern among Canada's urban politicians that the public corporations they had been elected to serve were on the verge of being eclipsed in size, wealth and authority "by a constellation of wholly private corporations," brought civic populism to a simple solution: "local control, or municipal freedom as it was sometimes called, and public ownership."[16]

Leading the new movement was the Union of Canadian Municipalities (UCM). Founded in August 1901 on the initiative of Toronto mayor O.A. Howland, the UCM was the inspiration of William D. Lighthall (1857-1954), "poet, novelist, historian, lawyer and mayor of the Montreal suburb of Westmount."[17] Its stated goal was to unite the municipalities of Canada "along lines of common action and for purposes of mutual protection against legislative or corporate encroachment."[18] In fact, one of the first resolutions passed by the 52 delegates from urban centres across five provinces at the Union's inaugural meeting in Toronto on 28 August 1901, declared:

> *That we earnestly recommend to the Municipalities a careful oversight over all concessions of franchises with a view to the future extension of the principle of Municipal ownership and control of public utilities; and we particularly urge that all Municipalities retain the control of all franchises ... which open up a new field for the means of local communication and transportation.*[19]

The organizers aimed, in short, at increasing public awareness of civic problems, attracting fresh talent to municipal involvement and initiating urgent political reforms. At the same time, they hoped that with municipalities working together, they could block legislative encroachment on their respective jurisdictions and protect themselves against corporate misconduct more effectively.[20] Foremost among the abuses the UCM pledged to eradicate was the granting of charters by federal and provincial governments that declared certain private companies to be "works for the general advantage of Canada." That clever ploy had allowed such corporations as the Bell Telephone Company to circumvent municipal rights and authority with the approval of Ottawa. Public ownership was seen by the Union, therefore, as the best means of ensuring local control and of eliminating corporate or monopoly power.[21] This certainly was the message of Emerson Coatsworth (later mayor of Toronto and future president of the UCM), who declared:

> *The people, sweating under the exertions and bad service of the great corporations turn first to governments, and finding no redress then look to the means within their reach, and the only available one is to own and control the utility themselves.*[22]

So overwhelming was the response to the new Union that within two years the membership had doubled. By 1907 it was able to reconstitute itself as a confederation of highly engaged provincial organizations.[23] The movement was most pronounced, however, in the municipalities of Ontario and (after 1905) the western provinces, but it spread also in Quebec and the Maritimes.

CHALLENGING THE BELL MONOPOLY

The keen interest manifested after 1901 in public ownership and control of utilities included first and foremost the telephone. This field was monopolized almost completely by Bell Canada ("a licensee of the American Bell Telephone Company, of Boston, Mass.," many nationalists hastened to add),[24] which had been under assault for some time already. Especially vociferous in support of the public ownership principle in general, and the end of the Bell telephone monopoly in particular, was *The Canadian Engineer*, a quasi-professional journal founded in 1893 to promote Canada's advancement along "the path of mechanical and industrial progress."[25] Although its avowed mission was "not political, but purely industrial," if it touched upon "the political aspect of industrial questions," stated the editors,

> *it will only be for the purpose of casting back upon the tide of fair competition those industries which have become inflated by extravagant duties into mere monopolistic schemes; or, on the other hand, of defending and supporting those manufacturers who, because they command no votes or have no 'pull' with the Government, are left with but a minimal protection, or else actually handicapped in their relation to the hand-fed industries that have the pull. In other words we speak for fair play all around, which does not exist now.*[26]

Nor was *The Canadian Engineer* alone in its crusade. Opposition to the Bell monopoly in Canada sprouted from several other quarters, too. First were rural districts which had been denied telephone service because of the corporation's focus on far more profitable city markets. Thus, "almost entirely left out of consideration by those to whom the duty of supplying telephone facilities has been delegated," in some districts, villages and small towns "the people themselves have endeavoured to provide their own service."[27] Second were Bell subscribers unhappy with "frequently poor" operations, "generally excessive" prices, "antiquated" equipment and variations in rates from place to place—a dissatisfaction "shrewdly fostered by the manufacturers of telephone equipment and the promoters of independent telephone companies."[28] Sneered one of the latter in 1903, "secure in its monopoly," Bell Canada "has paid but little heed to public convenience, except when changes [in service and apparatus] suited its own convenience or made for economy in its own working expenses."[29]

The third group to challenge Bell were independent companies and equipment suppliers threatened with ruin by its monopoly tactics, and in particular its exclusive procurement agreements with such firms as Northern and Western Electric. Having "practically a perpetual contract with all the subcompanies" organized in both the United States and Canada for the purpose of operating exchanges in the territory assigned to them, the Bell corporation was able "to demand almost any price and terms for their later appliances and prevent the adoption of other makes of apparatus, even if it should be more modern, more convenient and efficient."[30] For these arrangements dictated "that all future apparatus must be secured from [the corporation's] allied companies." Under such conditions, explained a contemporary critic,

> *it plainly can be seen why it is necessary for the Bell operating companies to charge exorbitant rates, especially when taking into consideration the large amount of watered stock in their own organizations, in addition, on which they aimed to pay dividends. Under the present … agreements … to which they are tied by contract, it is scarcely possible to bring their rates down to a legitimate basis and give first-class service.*[31]

The fourth source of opposition was found in municipal governments themselves. Already under pressure from their constituents for lower subscription costs, they too were frustrated with the terms of their own contracts with Bell over such matters as control of the placement of poles and wires along city streets, called "right-of-way."[52]

In each of the cases outlined above, the Bell corporation's ruthlessness and success in asserting its control of the telephone industry in all major Canadian markets led to a growing conviction that its monopoly "had been secured by unfair, if not illegal means." That suspicion was reinforced further by its exclusive contracts with railway companies, equipment suppliers and civic authorities, which effectually shut out competition.[53]

Thus starting as early as 1896 (cheered a contemporary), some Canadian cities and towns "are at last beginning to realize that their souls are their own."[54] Yet the discovery did not always lead to success. Between 1896 and 1905, for example, Toronto undertook to break the Bell monopoly, but was thwarted at every turn. In 1896 and again in 1902 Ottawa similarly endeavoured to localize telephone service in opposition to the Bell corporation. Though a plebiscite overwhelmingly endorsed municipal ownership, this attempt failed, as well, with the result that the city was forced to drop the scheme and negotiate a new contract with the company in 1907.[55]

The same scenario was played out in smaller centres, too. At Toronto Junction, ON, for example, resolutions were passed in 1903 in favour of public ownership of long-distance trunk lines and the establishment of a local system to break the Bell monopoly.[56] But it appears that the plan went no further. More successful was the town of Neepawa, MB, which, having obtained permission in 1899 or 1900 for municipal ownership of telephones, "immediately threw off the yoke of the monopoly and established its own private system."[57] In sulky response, "the Bell people ... withdrew altogether, took down their poles and wires, bundled them up and shipped them away."[58] Peterborough and a number of other towns in central Canada also awarded franchises to independent companies.[59] The example invoked most often, however, was that of Port Arthur and Fort William (later merged as the city of Thunder Bay) at the head of Lake Superior. Their persistent efforts between 1902 and 1904 to connect their joint municipal telephone service to the local CPR station and freight sheds, in challenge to Bell's exclusive contract with the railway, became a *cause célèbre* for proponents of public ownership.

Ultimately, the newly created Board of Railway Commissioners (est. 1903), which reviewed the case, decided in favour of Bell. On the surface, this conclusion seemed to place "a further obstacle in the way of municipal or independent competition."[60] Yet by strengthening a defeatist view "that the monopoly generally emerges the victor in any agitation to curtail its rights,"[61] the same ruling convinced many others of the need "to break the [Bell] monopoly by the establishment of municipal or independent systems under the control of the local authorities." Warned a contemporary observer:

> *Municipalities who fail to encourage the growth of telephone competition, still further strengthen a monopoly which every year will acquire a tighter hold upon the people who will become more and more powerless to get back their rights which have been stripped away by the men whom they elect to protect them [i.e., civic and national politicians].*[62]

Moreover, the Dominion government had begun to show interest in acquiring the long-distance trunk lines. But Ottawa refused to move officially until the necessity for concerted action was made apparent by the establishment of local service in various parts of the country. Hence, it was desirable "that the municipalities will unite in a vigorous effort to secure the building-up of independent telephone systems."[13] Otherwise, Bell would be left in control.

In 1902, the public ownership movement rapidly gathered momentum. The chief stimulus was Bell Canada's application to Ottawa the previous year to double its capital stock to $10 million. This was opposed vigorously by numerous municipalities. They viewed the corporation's current level of capitalization as excessive already, and "one of the chief causes of the high rates charged to telephone subscribers in the Dominion."[14] Notwithstanding, Bell's request—endorsed no less by the Minister of Justice—passed easily through the Senate Committee, where the safeguard against arbitrary increases of rates, provided in the Act of 1892,[15] was overturned briefly. Owing, however, to widespread criticism of the committee's decision, which doubtless inspired the Senate's belated rediscovery of its official duty to protect public interests by retaining government regulation of telephone rates, Bell Canada withdrew its application.[16]

This incident, more than any other to date, galvanized the opposition to the Bell corporation. As a result, there now began a heated campaign to end its telephone monopoly. In March 1902, the Toronto City Council, led by former mayor E.A. Macdonald, passed a resolution urging Parliament to assume control of long-distance telephone lines as a public work, and to permit civic governments or private companies with a local franchise to operate local exchanges under close supervision. The resolution was backed strongly by the UCM and its current president, W.D. Lighthall. Conservative leader Robert Borden (1854–1937) also made public ownership of telephones a platform issue for his party. In the House of Commons, meanwhile, the "maverick Conservative M.P. and newspaperman from Toronto," W.F. "Billy" Maclean (1854–1929), began submitting in 1902, and at every subsequent session of Parliament, a private member's bill aimed at government regulation of the telephone business. "He is," wrote a contemporary,

> *the voice of one crying in the wilderness, self-isolated, persistent, oftentimes petulant, always picturesque.... If you oppose him, you are an enemy to 'the people'.... Mr. Maclean is perhaps as little loved as any man in public life.*[17]

Although labelled variously as a "socialist" and "communist" by Prime Minister Sir Wilfrid Laurier (1841–1919) and other members of his cabinet, Maclean's annual, if unsuccessful, telephone bill "served the embarrassing purpose of pointing out how thoroughly inadequate the federal government's regulatory legislation was."[18] At the same time, it earned him high praise from certain quarters, which asserted that:

> *If there were just a few more members of the Canadian Parliament with the moral courage and prescience of W.F. Maclean, member for South York, the telephone problem of this country would be settled in short order and with substantial justice to all interests.*[19]

Still more embarrassing and relentless in its assault on the government-approved Bell monopoly between 1901 and 1904 was *The Canadian Engineer*. It even widened the parameters of the fight to include criticism of both Canadian businessmen and the public at large for their common lack of national feeling and entrepreneurial cowardice in contrast to the example of their more vigorous American counterparts. In article after article the journal warned Canadians "to be upon their guard" in view of the Bell corporation's manoeuvres over the previous five years, culminating in its bid to double its capital stock. "The ideal solution to the telephone problem in Canada," the journal declared,

> *is the nationalization of the service and the extinction of the Bell monopoly by purchase of the Dominion Government, the control of this service being placed in the hands of a commission, independent of politics and irremovable by a party.*

At the very least, the new system could be a mix of "Government control of all long-distance connections, and either Government or municipal control or ownership of the local franchises, the latter being either worked by the public or leased by contract."[50] This idea was promoted independently, meantime, by Mayor Thomas Urquhart of Toronto in a letter to the *World*, dated 10 February 1903.[51]

But given Ottawa's initial endorsement of Bell's request for increased capitalization in 1901, rescinded only after much public pressure, the "hope of getting any effectual control of Bell rates by a parliamentary committee is utterly vain," lamented *The Canadian Engineer*. Hence, citizens could expect "little hope from our Government unless it is scared by public agitation."[52] "It is a regrettable fact," continued the editors, "that in all matters relating to telephone legislation up to the present time, the Government has shown an apparent disposition to uphold the 'Bell' monopoly, and to disregard the wishes of the people, voiced through the municipalities."[53]

To back this claim, the journal reprinted excerpts from a report presented to the UCM at its 1903 convention in Ottawa. According to these, the Minister of Justice had promised the Union "to introduce a general telephone bill [in the 1902 session of Parliament] which should contain some improvements in favour of our cause, the justice of which he admits." But when he did nothing, the UCM's executive approached him in February 1903 to express the concerns of municipalities across the country, and "particularly their desire to control their streets and local franchises." Once more the minister guaranteed action, and once more he broke his word.[54] Thus "deputation after deputation has waited upon the Government only to meet with honeyed words and half-hearted promises, which have ended in nothing."[55] Meantime, Parliament had accorded "the Bell Telephone Company a right to rob, and having given away what never was morally its own to give [i.e., right-of-way on urban streets], the Government now holds up the Bell Company as the injured one, when municipalities wish the depredations stopped."[56]

If, however, public opinion in Canada was "not yet ripe for nationalizing the telephone service," as *The Canadian Engineer* initially recommended, then "it should at least be made aware that there is another avenue of escape from a dangerous monopoly, and that there is no reason for remaining helpless in the grip of the Hello Giant." This was the extension of the system of small local companies as in the United States. In that country, so-called "independents" had made rapid progress in challenging Bell's control district by district, since the expiration of the basic Bell patents in 1893 and 1894. Competition, the journal pointed out, also had grown swiftly as a result among telephone manufacturers, who were developing the best equipment and the most convenient and efficient systems.[57]

But the particular problem with the Canadian situation, insisted *The Canadian Engineer*, was that despite "spasmodic attempts" in the past to establish independent telephone companies, "promoters have found a certain lack of moral courage on the part of users, who have lived in fear of the great corporation, and to whom the appeal to public spirit and patriotism has seemed vain."[58] And although "the remarkable growth of independent systems in the States is just beginning to be understood" in the Dominion, there was still a "craven fear of the Bell Company in many quarters." Nevertheless, continued the journal on a hopeful note,

> *as more light dawns upon local capitalists and the public, this fear will be replaced by confidence, and the future of independent telephone enterprises will be assured. This emancipation is, in fact, already taking place, for there are at the present time forty independent telephone companies in Canada, chiefly in parts of the country to which the Bell [company] have been either unable or unwilling to extend its service.*[59]

The Canadian Engineer then concluded its attack with a general rallying call to the citizenry that:

> *The people [of Canada] should give no quarter to a company that openly defies the municipalities, under cover of the Dominion Act, and should further refuse to recognize the principle of granting excessive franchises to a monopoly, in return for a payment, ... to enable it to charge telephone users rentals very much in excess of those for which independent companies are willing to furnish better service.*[60]

As the *Canadian Annual Review* pointed out, critics of public ownership also were not without voice or action at this time. Bell Canada naturally denounced municipal control at every opportunity, while broadcasting widely its own plans for extension of service, especially in the West, where the company made "a special effort for the establishment of rural systems amongst the farmers of Manitoba." Here and there, some of the press also rejected public ownership of utilities generally, and telephones specifically, for three major reasons: 1) the financial cost to provincial legislatures and municipalities; 2) the reluctance of private interests to invest in public ventures for fear of nationalization; and 3) the concern lest an "arrogant and bloated civil service bureaucracy" would emerge by the hiring of inferior people in search of job security through a government sinecure. Finally, some people opposed the principle of municipal ownership "owing to the growth and power of 'political machines'" within governments. They feared that these vested interests could extend or withhold public utilities as a means to browbeat citizens into conformity with their partisan policies.[61] But these voices were not nearly as loud or effective at the moment as those who championed public ownership.

Thus, as a result of heavy pressure from both sides of the House of

Commons, the UCM, the general public and much of the press, the Laurier government was compelled in 1903 to create the Board of Railway Commissioners. It was forced also to insert an amendment in the existing legislation that allowed municipalities to apply to the new board for rulings as to whether they could connect public telephone systems to railway stations.[62] This was followed two years later, on 17 March 1905, by the appointment of a Select Committee of Parliament "to inquire into and report regarding the various public telephone systems in operation in Canada, and elsewhere as the Committee shall determine." Hailed by the *Canadian Annual Review* as "one of the most important practical achievements of the Parliamentary Session" for the year, the new committee's specific task was "to consider and report what changes, if any, are advisable in respect of the methods at present in force for furnishing telephone service to the public."[63] Ultimately, its purpose was to devise a system "to furnish to the people in the sparsely-settled districts a telephonic service," and to arrange for telephones, if feasible, "to be brought within the reach of residents in a municipality through machinery to be established in the municipality itself."[64]

Heading the Select Committee of eight Liberals and five Conservatives (including the irrepressible "Billy" Maclean) was Sir William Mulock (1844–1944). He was Postmaster General and senior cabinet minister in the Dominion government from Ontario, the epicentre of Canada's current "telephone insurgency." Described by Armstrong and Nelles as "the most sensitive and progressive member of Laurier's cabinet in social questions,"[65] Mulock had urged the appointment of just such a commission, with himself as chairman. He wanted to undertake a comprehensive investigation of the telephone industry in advance of government intervention and (he recommended privately to the prime minister) "expropriation of the whole telephone system of Canada and its being carried on as a public service by some department," after the model of Great Britain.[66] Although Mulock did not dominate the proceedings and avoided indicating publicly a strong personal preference for one system of regulation or another, he tipped his hand in favour of nationalization at the committee's inaugural meeting on 20 March. He stated for the record that "if I must confess to a bias as regards the telephone, the bias would be that I cannot see why it is not as much the duty of the State to take charge of the telephone as it is to conduct the postal service."[67] This no doubt contributed to *The Canadian Engineer*'s enthusiasm over Mulock's chairmanship, on the assertion that "no minister is so qualified to direct the work of the committee," or had "so wide a knowledge of the subject or a better appreciation of the important bearing it has upon the city and rural life of hundreds of thousands of Canadians."[68]

During its 43 sittings, the committee heard a variety of witnesses and gathered a mountain of evidence until dissolved in mid-July at the end of the parliamentary session. Witnesses included such well-known advocates of public ownership as Mayor Urquhart of Toronto and President Lighthall of the UCM; representatives from a host of urban centres across the country; officials of municipal, cooperative and independent telephone companies[69]; technical experts from Great Britain and the United States; and railway executives. On 17 May Charles Sise also appeared before the committee on behalf of Bell Canada which, having had no advance warning of the telephone commission, was taken utterly by surprise.[70] Among the many documents scrutinized were reports submitted by municipalities and other interested corporate bodies throughout the Dominion, memoranda about European and American telephone operations, and the annual reports of Bell Canada since 1880. The latter included copies of the corporation's exclusive contracts with the Canadian Pacific, Grand Trunk and other railway companies.

Based on the evidence presented of excessive rates charged for unsatisfactory service, inadequate connections to small urban centres and rural districts, antiquated and defective equipment, conflicts between municipal councils and Bell Canada over civic rights-of-way, and the alleged benefits of public or independent ownership of telephones in terms of lower costs and increased efficiency, many interested parties fully expected the Select Committee's investigation to break the monopoly enjoyed hitherto by "the Bell telephone octopus." This certainly was the hope of *The Canadian Engineer*, which regarded the Mulock commission as a major step in the right direction, and closely monitored its deliberations. Meanwhile, the journal continued to attack Bell Canada unrelentingly in support of public ownership. By now, however, it had abandoned nationalization of the industry as a viable alternative. It did so on the twin capitalist principles that no "system of centralized management could be devised which would satisfy the different local conditions existing in each of the numerous municipalities in all parts of the Dominion," and that any such system would remove "all incentive for the development of inventive genius, and retard the introduction of improvements."[71]

Instead, borrowing from UCM proposals, the editors urged the enactment of new legislation that aimed at: 1) government ownership of all long-distance lines and compulsory interchange of connections; 2) restoration of control to municipal councils over "right-of-way" in their own streets; 3) equality among all telephone companies in Canada with regard to the use of municipal property to ensure fair competition; and 4) dissolution of "the iniquitous compact" between Bell Canada and certain railway companies that deprived "municipal and independent telephone users of the right to communicate with the freight and passenger departments of the railway systems of Canada." That particular evil "should have been remedied long ago."[72] The inevitable result of this legislation would be, assured the journal,

> *that the monopoly would no longer be able to keep out local competition, municipal and independent exchanges would be established in all parts of the Dominion, and in a few years the demand for increased long distance telephone facilities would be such that the Government would be compelled to recognize the necessity of establishing a State-owned long distance system, either by duplicating or acquiring and extending the lines of the Bell Telephone Company.*[73]

In short, *The Canadian Engineer* predicted a great future for competitive telephony in Canada if only those who furnished public utilities would join forces to meet the needs of the people. That end could be achieved by providing local systems through social control or limited franchises granted to responsible companies. For the general public, after all, it was less a question of municipal telephones than "of the securing of cheaper and better service."[74]

There were, of course, those who feared "corrupt influences in the application of municipal ownership to their own place," on the argument that because the operations of large corporations like Bell Canada were conducted on strictly business lines they were "safer for the public than such works under the control of aldermen of doubtful integrity." But *The Canadian Engineer* retorted that employees of both private and public enterprises could be just as corrupt and had just as much opportunity to cheat the consumer. The difference was, however, that dishonesty in municipal ownership could be reformed easily "in a single year" (presumably by popular pressure, impeachment or election) than in a corporate giant "where it may linger for a generation."[75] Meanwhile, the British and American examples clearly refuted the claim—often made by opponents of independent telephony in Canada—that the industry "is a natural monopoly, and that it is not in the public interest to introduce competition into this class of service."[76] "The point is," concluded the editors in more general terms,

> *that utilities of a public nature such as water-works, sewage, lighting, telephones, street-railways, etc., affecting public health, transportation and communication, should be directly controlled by the citizens whose interests they affect. They are in their very nature a public trust, and responsibility for their administration is not at an end because they are given into private hands.*[77]

Besides, as the telephone "is the greatest distributor of intelligence yet invented," it should be available to all citizens equally and inexpensively. But "so long as this modern means of communication is used in Canada 'for the general advantage' of the Bell Telephone Company, so long will it remain a luxury for the few instead of a boon to the many."[78]

Yet in spite of high expectations in many circles that the government inquiry into the Canadian telephone industry would lead to the dissolution of the Bell monopoly, thereby opening the way to public ownership and independent competition, the deliberations of the Select Committee were inconclusive. Sir William Mulock, who had left the country on 30 May to attend the Pacific Cable Conference in Great Britain, was not even present at its final sitting on 14 July, just days before the House of Commons rose to conclude the parliamentary session. At that time, Arthur Zimmerman (1886–1979), the acting chairman, reported that:

> *Owing to the voluminous nature of the evidence submitted, and to the late period of the session, your Committee feel that it is impossible for them during the present session to come to any conclusions, or to make any recommendations to the House upon the subject referred to them, but they beg to submit herewith for the information of the House the minutes of their proceedings from March 20th last, together with all the evidence taken by them and the exhibits and other papers laid before them.*[79]

Hoping for at least some kind of action on the matter before the House dispersed for the season, W.F. Maclean immediately voiced an objection. He argued that the committee had enough evidence already "to justify us in recommending Parliament to pass a law compelling interchange of business on the part of telephone companies" and, if necessary, to have the Railway Act of 1903 amended in order to compel all railway companies to give access in their stations, freight sheds and so forth, to independent telephone concerns."[80] His motion was defeated.

Seizing the initiative, Bell lobbyists (aided by certain members of the telephone commission) urged the committee to do nothing more than publish its minutes and extensive documentation. Consequently, when it submitted its final report to the House of Commons, it attached no recommendations. A few days later Parliament was prorogued. In effect, this buried the whole telephone question "under three thick volumes of tedious and contradictory detail." "That in itself," note Armstrong and Nelles, "represented a clear victory for the Bell Telephone Company and a major defeat for the civic populists."[81] Moreover, Charles Sise put into motion additional measures to protect the Bell monopoly from exactly the kind of legislation that Maclean had proposed once Parliament reconvened later that autumn. Specifically, he organized a new lobby and, to prevent the telephone issue from becoming partisan, courted support from members of the Liberal and Conservative parties alike.[82]

That Sise's efforts were effective became apparent on 11 October 1905, when the Laurier government made it clear that it rejected the most extreme forms of telephone regulation. The same day, Sir William Mulock resigned his cabinet post to become Chief Justice of the Ontario Court of Exchequer. This was a severe blow to those who had hoped for official action on the telephone issue. Despite Mulock's claim that there was no connection between the government's recent pronouncement and his decision to leave office, many suspected the two events were more than coincidental. The *Canadian Annual Review*, for one, speculated as to the real reason for his resignation. Was it due to "the announced cause—a measure of ill-health which yet permitted him to assume and perform the work of a judicial post?" the journal asked sarcastically. Or was it due "to differences of opinion with his colleagues over the Telephone Committee inquiry and its possibilities of Government ownership recommendation?"[83] The *World* and the *Toronto News* were still more blunt. They claimed that Mulock had been driven from cabinet because of his strong support for the principle of public ownership of telephones and telegraphs, which was opposed just as strongly by various members of the government. The latter included Prime Minister Laurier and his Minister of Justice, Sir Charles Fitzpatrick (1853–1942), together with their corporate contacts. This view of the matter was shared by Conservative leader Robert Borden.[84]

Moreover, these suspicions seemed to be confirmed when, just two days after Mulock's resignation, A.B. Aylesworth (1854–1952) succeeded him as Postmaster General. He was appointed in spite of Opposition charges that the M.P. from North York "was too friendly with the corporations."[85] Not only had Aylesworth acted as Bell Canada's counsel at the hearings of the Select Committee on Telephones (meanwhile claiming to have severed his ties to the company before his election to Parliament in 1905), but he also had spoken warmly against any encroachment on the Bell monopoly. A municipal service, he had testified on 23 May,

> *is an unmitigated nuisance to the citizens and an unmitigated loss. However that may be, the question is whether it is likely that the people of*

> *any community would have a better telephone service under a system where there is some experience and some expert knowledge, or under a gentleman who might, without any previous knowledge of the subject, be pitchforked into the position of telephone manager and changed annually according to the public will.*[56]

In other words, like other pro-monopolists Aylesworth considered public ownership of utilities and free competition in providing such services to be both wastetul and chaotic.

Bell Canada thus emerged from the committee hearings modestly triumphant and relatively unscathed, with its monopoly intact and its ties to the Laurier ministry as strong as ever. But this was a Pyrrhic victory. For instead of silencing the opposition, the commission's inconclusiveness served only to excite "a good deal of discussion during the year and some practical application of the principle of Public Ownership idea was applied to municipalities."[57]

Indeed, the events of 1905 appear to have been pivotal in deciding the future direction of telephone development across Canada, as municipalities rebelled openly against the Bell monopoly in the absence of meaningful action by Ottawa. Early in the year, for example, petitions declaring "that long-distance telephones should be owned and operated by the Dominion Government in the same way that the postal service was carried on," had been circulated by the UCM around the country for signature.[58] Addressing the Political Economy Club in Montreal on 10 February, UCM president W.D. Lighthall had upheld public ownership in general as "the only refuge to which we can look to free us from the evils of monopoly." Although "convinced that the proper field of public ownership is limited to natural monopolies"—a thinly veiled reference to Bell Canada—he nevertheless concluded that this kind of social control "is a vital need of the age in which we have entered and can and should be extensively resorted to in Canada and the people educated to it."[59] The same theme pervaded the fifth annual meeting of the UCM, especially with regard to the Bell company's exclusionary contracts with the railways.[60]

Meanwhile, individual municipalities from coast to coast also began to take direct action. In Sherbrooke, QC, Victoria, BC, and Charlottetown, PEI, for example, elections, plebiscites and civic resolutions on the telephone issue all affirmed the principle of public ownership. At Saint John, NB, as well, the civic Board of Works announced plans to petition the legislature in April to establish municipal telephone service "in opposition to the Bell system now used here."[61] It was in Ontario, however, that the greatest agitation occurred.

Already at the beginning of 1905 the Waterloo City Council had endorsed two proposals. One urged the construction of a farmers' telephone system for rural districts in the surrounding county, with unfettered access to town exchanges. The other recommended the establishment of government ownership of long-distance lines, with compulsory interconnection among existing systems at fixed rates.[62] Not until the following September, however, did the public ownership cause really gather momentum in the province. At that time, the City Council of Brantford, "birthplace of the telephone," rejected the report of a special committee in favour of granting an exclusive, three-year franchise to the Bell Telephone Company. "While not, perhaps, a distinctive victory for municipal ownership," reported the *Canadian Annual Review*, "this was certainly an indirect one."[93] It was reinforced, moreover, when the Ottawa City Council later purchased the plant of the Consumer Electric Company, and the Ontario legislature opened the idea to debate. In this way, the municipal ownership principle grew steadily to encompass all public utilities—though telephones, contended the Toronto *Globe*, ought to be the first such service brought under government control.[94]

Perhaps the most important development at this time, however, was the formation on 5 September of the Canadian Independent Telephone Association, with 35 delegates from independent concerns across Ontario. Organized single-handedly by British-born telephone expert Francis Dagger (1865–1945),[95] the new association passed three resolutions at its inaugural meeting in Toronto. First, it urged the nationalization of all long-distance circuits by the Dominion government, in order to give unobstructed access to every telephone company operating in Canada on equitable terms. Second, it discouraged municipalities from granting exclusive franchises to individual telephone concerns. Third, it called for new federal legislation to prohibit the various railway and navigation companies in the Dominion from contracting with telephone companies in such a way "as to practically constitute a monopoly in connection with transportation, and that such companies be forced to give access to all telephone companies."[96]

In effect, this was an open declaration of war against Bell Canada, and especially its widely hated "deal … with the CPR and the GTP Companies for the exclusive privilege of telephone connections with their several railway departments." C. Skinner, General Manager of the Peoples Telephone Company of Sherbrooke, identified this as the single greatest impediment in the way of independent telephone service, "whether operated by municipalities or private corporations."[97] Mayor Coatsworth of Toronto agreed, adding at the infant Association's second annual meeting in 1906 that:

> *We must educate the people to the fact that they are being held down by a monopoly, and thus the time will come when we can fight this monopoly more effectively than we can today. I believe the solution of the case is for the Government to control long distance lines, and municipalities to control the local phones.*[98]

Although it was now very clear that the Laurier government refused to initiate any scheme that involved social control of telephones, the new and increasing pressure on Ottawa to take decisive action produced at least one positive, if modest, result. During the parliamentary session of 1906, the government presented its response to the telephone question to the House of Commons, by introducing a series of amendments to the Railway Act. This, declared the *Canadian Annual Review*, was the "most notable piece of work of a corporation or anti-corporation character in the session."[99] The new amendments placed all federally chartered telephone companies under the direct jurisdiction of the Board of Railway Commissioners, and included that body's supervision of all rates and charges, compulsory interchange of traffic, and restoration of the right-of-way on city streets to municipal control. The legislation also contained sections that permitted Bell's competitors, both municipal and independent, to connect with its system—subject to the Board's approval, of course. But only on condition that suitable compensation was paid and that this did not cause "undue or unreasonable injury to or interference with the telephone business" of the host company.[100] To soften the blow, Parliament subsequently passed a bill allowing Bell Canada to increase its capitalization to $30 million. Yet it explicitly warned the corporation "that it must do business on fair principles with independent companies, in non-competing territories, and in such a manner as would be helpful to the public."[101]

To many, however, the amended Railway Act was insufficient. In fact, it was denounced by such hard-core reformers as W.F. Maclean, who wanted Bell's monopoly dismantled completely. Perhaps they recognized that, by choosing the regulatory commission from the "broad array of government instruments" at its disposal, the Laurier ministry had selected the precise form that the company considered best suited to its interests.[102] But in spite of these protests, the amendments constituted a definite "victory for public control" of telephones as a public utility.[103] The new legislation effectively tore down one of Bell's most important bulwarks against independent competition—i.e., its exclusive contracts with the railways. Ironically, however, the telephone giant also gained more substantial protection from the transaction, seeing that "its most dangerous potential competitor, the government of Canada, preferred a regulatory commission to public ownership."[104]

PUBLIC OWNERSHIP AND TELEPHONES IN THE WEST

Although, as political scientist Dufferin Spafford writes, the "immediate impetus to the adoption of the principle of public ownership of telephones in the prairie provinces was the rejection of that principle by the Dominion Government" in 1905-06,[105] its origins were older. These were rooted partly in the increase of widespread dissatisfaction with rates charged and services rendered by Bell Canada. A point of particular ire was the Montreal-based company's failure to provide adequate long-distance and rural connections despite the region's "cyclonic growth" in population after the turn of the century. Hence, much of the ensuing debate acquired a social function which centred on the swift extension of telephone service at a cost lower than that charged by Bell.[106]

Yet there was a second, political level to the discussion, which reflected the emerging tensions between western and eastern Canada that are still prevalent today. For the application of the public ownership principle on the prairies was rooted also in what Armstrong and Nelles call a "symbolic mission" aimed specifically at eliminating *eastern* monopoly and recovering control over an important part of the expanding regional economy. In that sense, public ownership constituted "a crusade that struck chords of recognition and reverberated in the prairie environment precisely because it seemed consonant with the broader politics of economic domination" from central Canada.[107]

The Canadian West, writes historian Doug Owram, was developed "within a framework of metropolitan control rather than frontier autonomy."[108] The eastern desire to maintain that control both of the direction of settlement and the opportunities to exploit the region was reflected in eastern Canada's characterization of the old Northwest Territories as a "Crown Colony" and related attitudes. Starting in the mid-1880s, when the area experienced economic adversity and depression in contrast to the utopian picture of future prosperity that Ottawa painted to attract would-be immigrants, the West began to resist eastern domination in a growing movement to bring control into its own hands. At the heart of this resistance was an emerging sense of betrayal.

While westward expansionism after 1867 had always been metropolitan in tone, it had also presumed, continues Owram, "that the relationship between the East and the developing West would be beneficial to both regions and to the nation as a whole." But when economic reality clashed with this rosy image in the 1880s, "many began to wonder whether the East, and particularly Ontario, was not concerned only with the exploitation of the West for its benefit" alone.[109] By the turn of the twentieth century, this discontent had revealed itself in a number of ways as the West began to challenge its existing relationship with the rest of the country over questions of control of land, Dominion-provincial rights, railway charters and financial arrangements. The monopolistic practices of such corporate behemoths as the Canadian Pacific Railway and Bell Canada, sanctioned by Parliament, "represented these forces of eastern control and exploitation which westerners felt hampered their efforts to develop the region."[110]

Ultimately, however, the Bell telephone monopoly on the prairies was wrecked by the extraordinary development of the region after 1900. This produced in turn "a demand for those facilities which any settled civilized community took for granted at the turn of the century."[111] Ever since the construction of its first systems in Manitoba and the Northwest Territories during the 1880s, the corporation had managed to keep abreast of the telephone needs of the area without much difficulty. It had served the larger urban communities with local exchange facilities and had begun building a limited number of trunk lines.

But Bell Canada had been slow during this period to provide long-distance service, even among major centres. Not until 1905, at the height of the public ownership revolt in Ontario, did the company finally announce plans to erect long-distance circuits out of Regina, starting with Lumsden just twenty miles away. Another year passed before the city was connected with Winnipeg and eastern Canada. As for rural service, this was almost nonexistent on the prairies, except for a few lines constructed by independent concerns located in Saskatoon, Moosomin and elsewhere.[112] In fact, of approximately 70,000 telephones in the entire Bell system in 1905, only 2,000 were rural and few of those were found west of Ontario.[113] The explanation for this remarkable disproportion is simple: the company acknowledged frankly that rural service was not a profitable field for investment. There was, consequently, small hope of development in the West by private enterprise (apart from the very local variety), since the population was predominantly country-based.[114]

Everything changed after 1900, however, due to the tremendous surge of immigration into the region. Suddenly, the Bell monopoly was unable to satisfy the steady and rapid increase in demand for telephones, which resulted in growing, if unreasonable, complaints about faltering service and outmoded equipment. Even so, the corporation responded directly to the new challenge until, by July 1903, it had installed more than 4,000 new telephones in the

West, chiefly in Manitoba. This number doubled within two years, and doubled again between 1905 and 1907, making the region the fastest growing of the company's three operating divisions (*viz.*, Ontario, Quebec and the former Northwest Territories).[115] Though a vocal critic of Bell Canada and its telephone monopoly, even *The Canadian Engineer* acknowledged the corporation's vigorous efforts to extend its system and its plans for future construction.[116]

Yet Bell was still unable to meet the escalating needs of the West. Nor could it ever hope to accommodate the exaggerated demands of impatient new settlers who wanted telephone service on terms comparable to those available elsewhere. In short, after 1900 western growth "had reached a stage where it could not be handled as a relatively minor element of a basically central Canadian business."[117] Meanwhile, the financial requirements of further fast-paced expansion at this juncture in relation to actual profits stretched the company's resources almost to a breaking point. This fiscal imbalance made its western division increasingly uneconomical.

What really ruined Bell Canada in the West, however, was the vital issue of rural telephones. Across the prairies, farmers attached ever-greater importance to the device as a means both of communication with market towns and of relieving the deep sense of isolation that pervaded daily life in the sparsely settled region. Nor was this fact overlooked by eastern observers, such as *The Canadian Engineer*. It noted in February 1905 that the

> *telephone has become as necessary to the farmer in the remote rural districts as it is to the merchant in the city, and it is in the interest of the people that the rapid spread of telephone systems in the country should be encouraged in every possible way.*[118]

Speaking to his motion for the formation of a special committee to investigate telephone systems in the Dominion early the same year, Sir William Mulock similarly "referred to the usefulness of the telephone having now become very general and including rural as well as city communities."[119]

But as historian H.A. Innis pointed out in 1933, "private enterprise in the telephone industry, accustomed to the demands chiefly of industrial areas, proved inadequate to the demands of a rural area requiring immediate development."[120] As a result, Bell Canada came under heavy attack for not providing a service which, to be fair, was beyond the resources of any private corporation to give at the time, even one as large as Bell. As a result, accusations intensified against the company for allegedly thwarting every effort on the part of private investors to fill the gap. Charles W. Peterson (1868–1944), the former Deputy Commissioner of Agriculture in the government of the Northwest Territories from 1898 to 1903, and afterwards secretary of the Calgary Board of Trade, exemplified the western perspective. Interviewed by the Toronto *World* in May 1904, he stated:

> *I have long maintained that the evolution of the ranch and farm requires generous use of all modern inventions. The telephone I believe is the most useful of the many modern devices for rendering farming easy and profitable. In the past few years I have called many meetings of farmers to discuss the subject of cooperative work in this direction, but in every instance we have been blocked by the Bell people. That we are being damaged, directly and seriously by the attitude of the Bell Company, I am certain.*[121]

Quite naturally, therefore, western politicians, municipal counselors and country dwellers followed the subsequent hearings of the Select Committee on Telephones in spring and summer 1905 with considerable interest. Owing to the comparatively small telephone development in the region and its sheer distance from Ottawa, western Canada contributed relatively little to the evidence presented before the commission.[122] Nevertheless, a number of municipalities and corporate bodies in both Manitoba and the Territories submitted memoranda. In general, these criticized the allegedly excessive rates charged by the Bell company and its apparently slow pace of development. Hence, they advocated some form of social control as the best solution to the problem. That Bell rates were usually higher than those of rival independent systems rendering comparable service was clear from the evidence compiled by the Mulock commission. But of greater significance to prairie residents was the common complaint that Bell service was restricted to urban centres.

Consequently, representations from the Territories tended to be far more critical of the Bell monopoly than those from Manitoba, where the general consensus of opinion supported public ownership but often disagreed on the quality of service provided by the telephone giant.[123] Although a joint submission from Regina's City Council and its Board of Trade also found little fault with Bell's operations beyond their high cost, it underscored the rapidly expanding need for long-distance circuits. These had been promised by Bell Canada, "but the promise has not been fulfilled." "It would be a great boon to a growing place like this," the report continued; besides,

> *even the farmers in the district are asking for telephones to their settlements, and indeed steps were recently taken to extend the Private Telephone Company that at present operates between Craven and Lumsden to different settlements and to Regina. The sum of $1,500 was guaranteed in Tregarva alone, and although the Bell Telephone Company propose to run lines to the district indicated, yet the fear is that the charges will be high.*[124]

For very practical reasons, therefore, the consensus of opinion at Regina and surrounding districts preferred government ownership and operation over municipal control. The latter, many people believed, "would be inconsistent with long-distance telephones beyond city limits or town limits, and would be certain to lead to complications."[125] Submissions from other centres across the prairies also criticized Bell Canada's service as both unsatisfactory and expensive, while echoing the need for long-distance lines, rural service and public ownership.[126] By contrast, there was generally higher praise of, and greater satisfaction with, the few independent telephone systems operating in Manitoba and the Territories. But as historian G.R. Britnell observes, "the service provided in each case was necessarily local in character."[127] As for those places lacking telephones altogether, they too submitted resolutions that endorsed public ownership.[128]

In other words, with the failure of the Select Committee to reach a decision or to make concrete recommendations to the House of Commons for telephone reform, the public ownership principle became the mantra of western businessmen and politicians alike. Early in 1905, the Dominion Grange Convention voted in favour of "Federal operation of trunk telephone lines in order to facilitate municipal control of telephones."[129] A similar resolution was passed by the Associated Boards of Trade of Western Canada, during its meeting at Saskatoon, just thirteen days before the Mulock commission submitted its report to Parliament and then disbanded.[130] Clearly, business interests in the region recognized the commercial importance of the device and believed, furthermore, that social control would provide better and cheaper service than Bell Canada. This led the partisan editors of *The Canadian Engineer* to declare effusively that

> *with characteristic progressiveness all the cities of the Western Provinces have joined this public ownership crusade, and are applying collectively to the Dominion Parliament at Ottawa for legislative protection against the Bell Telephone Company.*[131]

Meanwhile, in Manitoba and the new province of Alberta the governments prepared to take direct responsibility for telephone development under the principle of public ownership, "which the Dominion Government had declined to accept."[132] Winnipeg took an early lead when, on 26 January 1905, a Private Bills Committee rejected applications for the incorporation of two independent companies.[133] Instead, it urged the Conservative ministry under Premier Rodmond Roblin (1853–1937) to investigate the telephone issue fully "with a view to either taking over the present system in the Province, or building a new one to be owned and operated by the Government."[134]

Seizing upon this recommendation "as a means of brightening up an otherwise lacklustre term of office,"[135] Roblin and his administration promised to consider the matter carefully before the next session of the legislature. To help this process along, at the first annual meeting of the Union of Manitoba Municipalities later that autumn, the 175 delegates voted to cooperate with the provincial government in creating a publicly owned telephone system for Manitoba. The main line of the proposed plant was to be "constructed by the Government on terms satisfactory to the municipalities concerned."[136] This was soon followed by Roblin's announcement on 23 November that, in conformity with his ministry's commitment to the policy of public ownership,

> *the Government is now prepared to recommend to the Legislature the establishment of a telephone system in the Province of Manitoba to be owned and controlled by the municipalities and the government jointly as may be found most advantageous to both. ... we have engaged one of the most competent telephone experts in America to commence work almost immediately in the way of preparing details for active construction... . It is our intention to recommend to parliament [i.e., the provincial legislature] a proposition ... with the view of giving a telephone system to all classes at cost.*[137]

This included extension of lines into rural Manitoba at the earliest possible date, so as to provide service to farmers.[138]

To enquire further into the telephone question, and at the same time investigate ways and means, a Select Committee was appointed for the province in January 1906. Its report, submitted on 27 February, criticized existing rates as excessive and recommended government ownership and operation of long-distance lines, with municipal control over local systems. The next day, the legislature passed two bills authorizing construction of long-distance circuits and the acquisition from Bell Canada of the three largest urban exchanges (at Winnipeg, Brandon and Portage la Prairie). Municipalities without a telephone system also were required to vote at their next civic elections on the question, "Shall this municipality own and operate its own telephones?" If passed with a two-thirds majority, not only could municipalities open their own exchanges, but Winnipeg also would guarantee their bonds.[139]

Thus, boasted Attorney General Colin Campbell (1859–1914) to the annual convention of the Canadian Independent Telephone Association in 1906, Manitoba "has the proud distinction of being the first Province to give to the people the right to say whether they desire telephones operated by themselves in their own interest."[140] The Union of Manitoba Municipalities agreed. Moreover, it thanked the Roblin government "for giving practical effect to the representations of the Union, thereby according recognition of the paramount importance of municipal rights in regard to the ownership and control of public utilities." It further congratulated the premier and his administration for "affording the people an opportunity of voting upon the question of municipal ownership of telephones."[141]

Both parts of the government's scheme encountered obstacles, however. As a result, the actual construction work did not start until September the following year. Difficulties began in April 1906, when Ottawa rejected Winnipeg's petition to expropriate the Bell plant. Then, at the civic balloting held a few months later, only 54 of the 123 municipalities throughout Manitoba voted the required majority for the implementation of the municipal plan. By early 1907, therefore, the program had all but failed. As Armstrong and Nelles point out, the heart of the problem was that the government's telephone policy was a purely political act that lacked deep social roots. One or two provincial organizations had endorsed the principle of public ownership of telephones, to be sure; but no interest group had agitated for legislation of this sort, nor had there been any concerted public outcry against Bell Canada's services. Even the farmers seemed indifferent to the whole issue.[142] All of this was clear from the contradictory testimony submitted by various organizations and municipalities within the province to the Select Committee in Ottawa.

Undaunted by this setback, the Roblin ministry launched a public relations campaign to convince Manitoba taxpayers to support its telephone policy. It also issued debentures that summer and began construction of new lines at Winnipeg in competition with Bell, which subsequently sold its plant to the province in late 1907.[143] Nor was the municipal plan abandoned entirely. Instead, the government assumed responsibility for providing service to centres in which the civic authorities declined to act. At the same time, construction began on rural lines.[144] Finally, in the general election called for March 1907, Premier Roblin made public ownership of telephones the major issue. His government was returned to office with a clear majority.[145]

In the new province of Alberta, similar developments were unfolding. Notes G.R. Britnell, just prior to the general election called for the end of 1905, the political platforms of the rival Liberal and Conservative parties had both stressed public ownership of utilities, though without making special reference to the telephone issue. Consequently, whichever party formed the new government was bound to this principle.[146] In the event, the Liberals under Alexander Rutherford (1854–1941) were voted into office. Nor did his ministry waste any time in attacking the telephone problem and the hated Bell monopoly,[147] which had developed in the Alberta portion of the former Northwest Territories since 1879. Speaking subsequently to the legislature in 1907, Minister of Public Works W.H. Cushing summarized the official view of Bell operations:

> *The Alberta Government believes that if it has any function at all it is to protect the people from such monopolies. The opinion of the Government is that the only way to regulate such a monopoly is to enter into competition and ensure low rates and proper service.*[148]

As a result of its swift action, the province claimed the distinction of being the first in Canada to undertake direct government control of telephones, even beating out Manitoba for the honour. In fact, at the opening session of the first legislature in March 1906, the government, with Opposition support, voted $25,000 for construction of long-distance circuits. At the same time, it passed an Act authorizing municipalities to establish and operate their own systems.[149]

Work started almost immediately on the new lines from Calgary to Banff, and from Edmonton to Lloydminster. As in Manitoba, however, the municipal plan languished. So in 1907 the government purchased a number of town exchanges and began also to give rural service. Meanwhile, the provincial and Bell systems operated in competition with each other, until the latter at last sold its plant to the Alberta government on 1 April 1908.[150] This delivered yet another in a series of blows against what one Alberta cabinet minister derided as "the most pernicious and iniquitous monopoly that had ever been foisted upon a people claiming to be free."[151]

Looking back on developments in the West since 1900, Armstrong and Nelles conclude that something had changed in Manitoba and Alberta. Government policy on telephone ownership in each place was politically, not publicly motivated. However, they write, if the issue had no real social basis before 1906, it most certainly acquired that foundation in subsequent years. Nevertheless, the point is that in "both provinces, the telephone had been thrust onto the public agenda by politicians, not by aggrieved customers or angry farmers."[152] In the new province of Saskatchewan, by contrast, the situation was exactly the reverse.

CHAPTER THREE

SASKATCHEWAN TELEPHONES AND THE GOVERNMENT OWNERSHIP QUESTION

THE WHOLE ISSUE OF TELEPHONE DEVELOPMENT in Saskatchewan, following the formation of the province in 1905 and the creation three years later of a separate Department of Railways, Telegraphs and Telephones, must be set against the backdrop of two major, and closely related, influences. One was political, the other was social. First and most obvious was the continuing debate over the principle and the practice of public ownership, in which Bell Canada's embattled monopoly was the special target of attack. That discussion had particular significance for the growing, yet widely dispersed pioneering community in the Canadian West where, as Dufferin Spafford observes, a predilection for public ownership—noted frequently by social scientists—was characteristic of such frontier societies.[1] This certainly was the contention of political scientist Alexander Brady. He also attributed to the "moving frontier of settlement" a "commanding influence upon thought and methods of the community" in an environment which was "unusually favourable for the maturing of democratic ideas."[2] That brand of populism, infused with a spirit of self-determination, emerged directly from the pioneering experience. Early settlers, he wrote in 1947,

> *had to battle with a grim physical environment of stubborn forests, barren soil, insect plagues, and merciless drought. Hence the intrinsic quality of the individual was esteemed more important than the accident of birth in blood or wealth. Manual effort won a dignity greater than in the old land [of Europe]. The ideal of equal opportunity, grounded in a favourable economic situation, became no less deeply entrenched than in the society of America [i.e., the United States]. Under the circumstances of settlement a democracy existed, whence grew a powerful sense of common purpose.*[3]

But it was nonetheless a fragile democracy because it was a fragile community. Living on the distant geographical fringes of the older, long-established society of central and eastern Canada, the West was dependent for survival first and foremost upon mutual cooperation (hence the proverbial hospitality and generosity of prairie people) and second, upon government assistance and support. The promotion of public ownership of services in Saskatchewan, or "collectivism" as Brady termed it, was at least as much the result of frontier necessities, therefore, as it was of mistrust over monopoly control. For public ownership in general enabled "freshly colonized and aggressive communities to carry the risks of heavy investment in public utilities" by means of cooperative action through the state. Moreover, because the pioneer economy in many matters depended so heavily upon government aid for the services it required, frontier society on the Saskatchewan prairie in particular imposed on the political authorities—both Dominion and provincial—"many new and onerous tasks." These included building railways, financing irrigation projects, establishing electric power facilities and furnishing telephones.[4] In short, to a far greater degree than in either Alberta or Manitoba, social control of public utilities developed in Saskatchewan "as the logical resort of an empirical people, quick to employ government in furthering their common ends in making their land of richer opportunity."[5]

Yet two additional hypotheses have been advanced to explain this inclination toward collectivism or public ownership in western Canada generally, and in Saskatchewan specifically. In his book, *Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan* (1950), S.M. Lipset links this tendency to the international socialist, trade-union and cooperative movements of the early twentieth century. Their political philosophy and social perspectives, he argues, came west with working-class immigrants.[6] From the evidence, it appears that "a considerable number of those whose discontent with social and economic conditions at home had led them to join radical parties were attracted to the new world of the frontier." Consequently, Lipset asserts, "old-country socialists" could be found everywhere in the West, where "agrarians were comparatively free to adopt new and seemingly radical solutions for social and economic problems." The very conditions of farming and prairie life, he continues, provided these people not only with a source of continued unrest that stemmed from "the perpetuation of an extremely unstable agricultural economy,"[7] but also "with the structural basis for collective action."[8]

The second hypothesis, argued in particular by V.C. Fowke, stresses the structural inadequacies of the wheat economy itself, and hence the resort to cooperatives or some other form of public ownership as anti-monopoly devices.[9] The western farmer, Fowke writes, encountered many groups in the market place, "and his economic well-being was affected by the degree of competition or monopoly which characterized" each.[10] Perceiving themselves as victims of unfair pricing and transportation practices controlled by outsiders, usually from the east, prairie farmers

> *protested repeatedly, if not continuously, against their position in the price system throughout the decades which marked the establishment and development of the Canadian wheat economy. They charged monopoly and extortionate pricing, they attacked "the interests" and the financial domination of the eastern capitalists, they proposed far-reaching reforms. For certain industries they urged state ownership or state control... . In particular cases they sought to combat monopoly by cooperative organization and production.*[11]

Thus according to this thesis, public ownership was a practical solution by farmers in the prairie provinces to a very real set of economic problems that threatened their livelihood.

Almost a century after the fact, it is difficult to assess the impact of such socialist or cooperative ideologies on the final resolution of the whole public utilities question in Saskatchewan, including government-owned and operated telephones. For one thing, there is the danger of anachronism. Because of the unique political development of the province in the mid-1920s and 1930s, when the Cooperative Commonwealth Federation (or CCF) emerged to assert a powerful influence on the formation of social policy, one is tempted to read back into the actions of people living earlier in the century the same ideals that stirred many of them two decades later. But only the most circumstantial evidence supports these ideals prior to 1920. Yet another risk is that hypotheses about motivation can reflect as much the bias individual writers bring to their studies as they do the conclusions the historical evidence allows. In prefacing his book, for example, Lipset openly admits those personal ideological perspectives that deeply colour his historical view of people and events.

In the case of the public ownership debate in Saskatchewan at the turn of the twentieth century, the key to avoiding these pitfalls is to remember one crucial, immutable fact: motives due to political philosophies are the luxury of people who live in an established community, possessing a well-defined system of government and law, a mature social structure, a developed economy and a fully evolved set of values and institutions. In order for such philosophies to mature and spread, they also need a populace that enjoys a reasonable degree of leisure time, free from the daily struggle for subsistence. Generally only when these foundations are in place can individuals or groups of like-minded people contemplate ways of maintaining, improving or even overthrowing their society according to specific political, ideological or philosophical beliefs.

What did exist in Saskatchewan and across the West was a deepening distrust of eastern Canada based on real problems of economic development and settlement. Contemporaries believed that their endeavours in both categories were being hampered by easterners who, "in their short-sightedness, failed to understand either the value of the West or the aspirations of its people,"[12] while they continued to assert control. Resentment thus combined with insecurity to define western relations with the east. It was, after all, "eastern institutions which exercised monopoly control over the economic necessities of the West: railways and marketing facilities, financial services, and farm machinery production." Greater population similarly ensured political power for the central provinces of Ontario and Quebec. Under the circumstances, Dominion policies in such vital areas as tariffs and freight rates "were seen to benefit eastern interests to the disadvantage of the West."[13]

Consequently, starting as early as 1885 westerners had come to view their own region as distinct from the rest of Canada, rather than imbibing a common sense of national identity. Eastern indifference to conditions beyond the Ontario-Manitoba border, meanwhile, only intensified the feeling of alienation. In time, the profound sense of grievance that had emerged from daily experience would assume ideological shape as it transformed into new economic and political movements across the prairies. These were based in turn on the assumption that large-scale enterprises, especially those headquartered in the East, "prevented farmers from reaping the main benefits of prosperity."[14] In 1905, however, that ideological groundswell was barely beginning.

Besides, at this early date the infant province of Saskatchewan enjoyed few of those advantages of an established, self-aware community which allowed for that kind of transition from practical to philosophical protest. New settlers pouring into the region brought with them a wide variety of customs, traditions, religions, languages, outlooks on the world and ways of conducting their daily life. They faced, besides, a constant battle to establish themselves in a harsh environment and eke out a living from the soil. This left them little opportunity for other pursuits. The widely dispersed character of their homesteads further ensured that any ties formed to distant neighbours were tenuous at best. Consequently, there was at first no real unity of perspective, though that eventually grew as the community slowly coalesced.

By the same token, what little the new provincial government inherited by way of infrastructure from the former administration of the defunct Northwest Territories was certainly insufficient to meet the needs of its many obligations to the community for which it was now responsible. That apparatus had to be built almost from the beginning, according to basic priorities. Thus practical, not philosophical or ideological, considerations moulded both government policies and public demands for essential services, utilities and support. These factors point to the second major influence on the issue of public ownership in Saskatchewan and the development of a government-owned and operated telephone system: the mounting tide of immigration and the province's rapid expansion after 1905 that made rural service essential.

BOOM TIMES FOR SASKATCHEWAN, 1905–1914

Between 1905 and 1914, its formative years, the young province experienced a period of growth in terms of economic development, population and prosperity unrivaled in its history before or since. To a large degree, this tremendous surge forward was stimulated by the recovery of the world economy after 1900, following two decades of general recession. For the next thirteen years, the global economy remained buoyant, except for a brief downturn in 1907–08, until it foundered on the eve of World War I. Up to then, the discovery of gold in the south African Transvaal in 1886 and rapid industrial expansion in Europe near the close of the nineteenth century affected the Canadian West in two powerful ways: 1) the economies of mass production kept the cost of manufactured goods and freight rates low; and 2) rapid urbanization increased the demand for foodstuffs, especially grain.[15] During the first decade of the next century, the prevailing economic situation thus favoured western Canada, which now became "advantageously integrated into the world market."[16] As a result, the chief focus of the country's national development through these years of prosperity was the opening, settlement and organization of the rich prairies.[17]

As historian John Archer notes, the twentieth century

> *opened for Saskatchewan with increases in immigration from Great Britain, continental Europe and the United States. The newcomers came*

> *as a flood… All were engrossed in the task of wresting a living from the land.*[18]

"The whole West," recalled homesteader John Macintyre, who shared the universal optimism of the moment, "was stirring with growing pains."[19] Prior to 1905, the Saskatchewan portion of the old Northwest Territories had a total population of 91,279 people. Although it had seven relatively major towns, not one of these had the requisite 5,000 citizens to be incorporated as a city. According to the census of 1901, the Territorial capital at Regina—the largest urban centre—boasted only 2,249 residents, followed in descending order by Prince Albert (1,785), Moose Jaw (1,558) and tiny Saskatoon (113), which was hardly more than a large village.[20]

Everything changed in 1905, however, with Saskatchewan's admission to the Canadian Dominion as a province. "Then commenced the flood of immigration which," wrote an anonymous observer in 1914, "has surged across Western Canada, developing its lands and building up its cities."[21] In that year alone, 17,421 new immigrants arrived in search of a new start and a new life in a new land. The pace of settlement accelerated thereafter, changing the whole complexion of the province. Boasted the Regina *Leader* in acknowledgment of this phenomenon: "A steady stream of thrifty immigration is directing its footsteps this way, and the eyes of the whole English-speaking world and of the European countries are turned towards these fertile plains."[22]

Indeed, what in former times might have been labeled as the "Canadian Outback," a region virtually empty of people, largely unsurveyed, vast in extent and beauty, but wild, harsh and inhospitable to the few daring pioneers who had settled years earlier in the region, Saskatchewan was transforming into a populous and prosperous place, imbued with almost incredible vitality, as it embraced the huge surge of immigration. As the favoured destination of immigrants arriving in Canada, these newcomers "hardly paused to view the regions of older settlement."[23] Already by 1906, its population had more than doubled to 257,763 inhabitants. The same year, two-thirds of all Canadian homestead entries were listed in the new province.[24] It now also boasted four urban centres large enough to be incorporated as cities (though in two cases this was managed by special ordinance). Moose Jaw had grown to 6,249 residents, followed by Regina with 6,169 people and Prince Albert with 3,005. Even Saskatoon had swollen virtually overnight into a thriving centre of 3,011 persons—an increase of 2,664 percent![25]

Nor did this rate of growth diminish over the next half decade or so. Between 1906 and 1914, immigration into the province averaged 33,228 new settlers per year. In 1912 alone, 46,158 people arrived, the largest number recorded.[26] During the same period, homestead entries reached a yearly average of 37,247, for a total of 260,731 from 1908–14.[27] In fact, between the census of 1901 and that of 1911, the province experienced a fivefold (or 439 percent) increase in population from new settlement and immigration, to 492,432 people, or 6.83 percent of the Canadian total of 7,204,772 citizens. Not only did this represent a considerable gain since 1901 (when it had amounted to a mere 1.69 percent of the whole), it also meant that Saskatchewan was the most populous of the three prairie provinces and enjoyed "the greatest advance of any part of Canada."[28] Convinced that this growth would intensify in future, the first premier, Walter Scott, predicted confidently that "just as sure as the sun shines there will be within this Province alone some day a population running into the tens of millions."[29] By the time the boom years ended in 1914, his prophecy seemed to be well on the road to realization. For conservative estimates placed the population at 600,000 residents (the actual figure was 647,835). This made Saskatchewan the third most populous province in the Dominion.[30] The only effective means to forge these people into a single community, however, was to provide efficient communications via rail service, roads and, eventually, telephones.

These developments were matched, meantime, in the agricultural sector, where improved farming techniques (including heartier strains of grain; new machinery for seeding, binding, threshing, etc.; and the advent of steam tractors) stimulated a rapid expansion of the wheat economy.[31] The number of acres brought under the plough also multiplied over 8.5 times (from 1,117,000 to 9,682,000) between 1904 and 1914. The same decade saw the price paid for wheat rise an astonishing 62 percent, while prices for imports and manufactured goods increased by at most 24 percent.[32] Crop returns rose just as dramatically, from 25,236,000 to 243,513,000 bushels of grain. As a result of these changes, by 1909 Saskatchewan had surpassed Manitoba in wheat production. Two years later it led the other provinces of Canada and also the American states. In fact, 50 percent of all Canadian wheat now came from Saskatchewan. During the same period, Ontario saw its share of grain production plummet from 84.7 percent in 1900 to a mere 15 percent in 1910.[33] To handle this huge volume of grain, 1,424 elevators were built along prairie rail lines by 1913, having a total capacity of 44,294,000 bushels. By contrast, in 1903 only 240 elevators had existed with a sixth of that huge dimension.[34]

So rapid was this growth rate and the prosperity it produced that stories circulated of farmers who bought their land out of the proceeds of one year's crop. "In a way it was like a gold rush," explained John Macintyre. "Hopeful settlers poured into the newly created province, clamouring for their chance to win a fortune."[35] For these people, low interest rates, increased capital investment and the availability of land opened new opportunities. To cope with the transportation of the grain harvest to markets and settlers into new districts, railway mileage soared from 1,551 to 5,980 miles during the same period, always with a need for more. Thus began the official practice of establishing train stations at intervals of seven or eight miles to serve as loading points for wheat crops and nuclei for hundreds of new towns and villages.[36]

The peak of the boom occurred during the five years just prior to 1914. Described by one modern historian as "a period of no restraint,"[37] it began in 1910 when, recalled John Macintyre,

> *the whole West from Winnipeg to the Pacific Coast was booming and the settlers were pouring into the country. Every train was jammed. The streets were filled with newcomers from Europe and the United States, who mingled with Eastern Canadians. Waggons pulled by two-horse and four-horse outfits added to the traffic... Crowds queued up at the Land Office day and night to file on homesteads which were to be had for a small fee. One hundred and sixty acres of fine virgin soil seemed like Heaven to people who had never owned any land.*[38]

Just south of Moose Jaw alone, 36 townships were thrown open for homesteading to accommodate the swell of new settlers; "there was a rush to claim property there."[39] Exactly how sparse habitation in that area had been hitherto, noted the *Canadian Annual Review*, "may be judged from the fact that three years ago [1907] mails left Moose Jaw only once a month," instead of once a week—a considerable improvement. Regarded formerly as "the exclusive preserve of the rancher," with the region now surveyed and placed at the disposal of homesteaders, people poured into it "at a rate that has not been equalled in the history of the West's settlement."[40]

In their wake, the cost of land zoomed upward everywhere in Saskatchewan, for in "the prevailing atmosphere of optimism, everyone conspired to boost prices."[41] At the very height of the boom in 1912, for example, land prices in some places climbed rapidly from $300 per foot front in 1905 to $1,957 per foot front.[42] Nevertheless, so many lots "were sold and resold in an orgy of speculation" in and around Saskatoon alone, that in the now-burgeoning prairie city there were no fewer than 267 real estate firms, not counting building contractors.[43] Regina experienced a comparable phenomenon, where the number of real estate firms jumped from thirty-seven in 1908 to 157 in 1912.[44]

Yet however dramatic the growth rate in the rural districts, the highest level of optimism with regard to the province's future expectations (observes historian R. Rees) was reserved for towns situated at the junction of railway lines.[45] Of these, Saskatoon was the most spectacular example. Its development after 1904, when it was incorporated as a village, "has often been described as phenomenal and it is certain that but few, if any, ... towns either in Canada or the United States have accomplished the same progress within so short a space of time."[46] Key to its success was the extraordinary railway development in northern Saskatchewan in the opening years of the century, coupled with the rapidly expanding agricultural economy. "Wheat and railways," notes J.W. Brennan, were the prime influences in the growth of any of the larger, and many of the smaller, urban centres in the province.[47]

The introduction and development of telephone service in Saskatoon at the same time was thus no coincidence. With the rapid growth in population and the steady flow of money from the sale of wheat, people acquired a taste for the modern conveniences of life—such as telephones—that they now could afford owing to their new prosperity. The same was true at Regina, Yorkton, the Battlefords and other growing centres throughout Saskatchewan.

But Saskatoon's particular advantage lay in the fact that the lines of all three transcontinental railways—the Canadian Pacific, Canadian Northern and Grand Trunk Pacific—converged at that geographic point, where they crossed the South Saskatchewan River. Called, as a result, the "Hub City" by commercial interests, Saskatoon rapidly became one of the busiest distribution and marketing centres in the West, and certainly the most important in central Saskatchewan.[48] It was the "heart of the wheat belt," trumpeted the *Phenix*, "the very hub of the new province" and the "railway centre of the West," situated between Winnipeg and Edmonton.[49] These attributes had made the growing city a serious contender for the seat of government in 1905–06, though Regina ultimately retained its distinction as the provincial capital.[50]

Meanwhile, Saskatoon's population continued to swell. Between 1906 and 1911 it grew by an astonishing 10,521 percent, making it an "instant" metropolis, an "all-at-once community brought to birth at a time of great optimism,"[51] and "the most ambitious centre in Saskatchewan."[52] By now a flourishing city of 12,004 souls according to the Dominion census of 1911 (or 27,527 souls, according to Saskatoon's own census taken in October 1912), it boasted numerous handsome brick buildings, a sure sign of permanence and prosperity. It even had its own red-light district, a sure sign of civilization. In addition, there were many thriving manufacturing concerns, large warehouses, commodious hotels, schools, theatres, car dealerships, banks, livery stables, a whole variety of services, and, of course, the new university.[53] Over the next four years, a further 9,044 people arrived to expand its population,[54] making it seem as if the place "could never build fast enough to keep pace with development."[55]

Hailed effusively in some eastern newspapers as "the greatest example of town and city dwelling in the world's history" and "the eight-year-old wonder of the British Empire," Saskatoon's feverish expansion led Mayor Hopkins to predict a metropolis of 100,000 people within a few short years. Already the town's total assessment in 1912 stood at $40 million (16 times greater than in 1906), while the value of building permits reached $7,640,530 —a total not surpassed until 1952.[56] To handle the anticipated number of new arrivals, Hopkins thought that farm land within a radius of ten miles of the city centre should be subdivided for housing.[57]

Though perhaps not as spectacular as the example of Saskatoon, Regina also experienced such swift development that a full-page advertisement published in a 1912 newspaper described it as a "Wonder City" whose growth "can no more be stemmed than the waters of the sea."[58] Not only did the provincial capital share in the general prosperity of the day, but it surpassed its rivals—including Saskatoon—to become the dominant city in Saskatchewan and the fourth largest in the prairie region prior to 1914. It was big enough, in fact, to support three daily newspapers: the *Daily Province*, the *Leader* and the *Morning Standard*. That alone was an indication of real vitality. This in turn was made possible by the proximity of the railways, the expanding wheat economy and, no doubt, the presence of the government, which attracted many new people to the city in search of jobs and opportunities. In fact, between 1906 and 1911 Regina's population inflated by 1,243 percent, to a total of 30,213 citizens. Meanwhile, the expansion of the municipal boundaries, made necessary to accommodate this steady influx of people, quadrupled the city's area.[59]

Yet the tremendous growth experienced by Saskatchewan during its formative years was not confined to these two places. On the contrary, the whole province "was the busy centre of Western development in the way of new villages, growing towns and ambitious 'cities'," as dozens of points across the plains likewise became prosperous commercial hubs, serving the adjacent farming community.[60] Melville, Waldron, Nokomis, Ituna, Raymore, Scott, Landis and Watrous, all situated along the GTR trunk line, provided ample evidence of "this general element of 'hustle', growth, construction of buildings, advertisement elsewhere as a coming centre, and of growing grain shipment." Many of these places, noted the *Canadian Annual Review*, "were only one year old, all of them jumping in population from hundreds to thousands in 12 months or little more."[61] Numerous points on the main CPR lines also flourished, such as Wynyard, Lanigan, Wilkie, Weyburn, Esterhazy and Viscount. On the same railway's Goose Lake branch, similar conditions of urban expansion prevailed. Harris, Maidstone, Paynton, Delisle, Morden, Tessier, Kindersley, Rosetown and Zealandia "were all towns in the making and illustrative of the 'over night' development of a marvellous country." Biggar, however, "made special progress," given its position on the CPR line and its added significance as a divisional point for the GTP.

Larger centres, such as Yorkton, Moose Jaw, Swift Current and Lloydminster, expanded with equal rapidity during the boom years, as did Prince Albert. Though eclipsed by the robust development of Saskatoon, "which has left it far behind," this northern city, at one time the largest town in the former Territories, enjoyed a steady increase in prosperity and settlement. In just eighteen months between 1911 and 1912, for example, the population of 6,254 grew by a further 4,000 people. North Battleford, with a mere five residents in 1903, had grown in size to 5,000 people by 1913, making it the third-largest city in northern Saskatchewan after Saskatoon and Prince Albert.[62]

Thus buoyed by the prevailing mood of optimism and carried away by their own inflated expectations that the current prosperity could only increase, many town councils across the province "authorized the laying out, even the paving, of streets, the laying of water and gas lines, sidewalks and other improvements, long before they were needed." But, as John Macintyre lamented, "the dreams of the people had outrun their good judgment and a slowdown, stimulated by conditions in Europe, was inevitable."[63] In 1913–14, Saskatchewan's boom years drew to a close, the consequence of a general economic recession in the western world, made worse in the province by a series of disappointing harvests starting in 1914, and the concurrent outbreak of World War I (1914–18).[64] Unemployment rose, incomes fell and construction halted, while many of the civic improvements already finished in hopeful anticipation of continued growth "were still unused thirty years later."[65]

The fact remains, however, that despite the extraordinary urban development across the province, only 13 percent of Saskatchewan's 496,432 residents in 1911–12 lived in Regina, Moose Jaw, Saskatoon and Prince Albert.[66] By contrast, "for every newcomer who settled in a village, town or city" between 1905 and 1914, "two settled on the land." Consequently, the vast majority of the population lived in rural districts where it produced wealth from the soil. For a very long time thereafter, agriculture was the mainstay of Saskatchewan's economy, for good or ill.[67] In the meantime, the rapid pace of settlement brought a continuous clamouring for services from the provincial government. "Whatever the life of the homesteader may have been in fact, the ideal was to import the amenities and institutions of civilization … as fast as possible."[68] In response, the Scott ministry inaugurated a number of new social and public works programs designed to meet developing needs. In rapid succession, legislation was passed to provide for public health (specifically to combat such perennial killers as typhoid fever and tuberculosis, while promoting better sanitation), hospitals, education (including the university in 1907), water, roads, bridges and ferries.[69]

Indeed, a "survey of the statute books of Saskatchewan between 1905 and 1917," writes political scientist David Smith, "reveals that the largest amount of public legislation arose from the need to facilitate government, business and farming in the province." It provided also for the basic infrastructure of institutions, laws and administrative apparatus necessary for the new jurisdiction.[70] To be sure, better railways, highways and low-cost freightage of grain to markets were seen as more essential by Saskatchewan farmers from their narrower viewpoint,[71] and remained their chief priorities for a long time. But also near the top of their list was the introduction of telephone service throughout the province, to which they attached ever-greater importance.

THE PUBLIC APPEALS FOR GOVERNMENT-OWNED TELEPHONES

Two remarkable features distinguish the telephone ownership issue in Saskatchewan after 1905 and its final resolution in 1908 with the formation of the Department of Railways, Telegraphs and Telephones. First, unlike in Manitoba and Alberta, government policy on the question was publicly motivated. It had no real political basis prior to 1907, though it soon acquired one as a result of popular agitation and Opposition pressure in the provincial Legislature. Nor did the Scott ministry at first show any interest in the matter. On the contrary, during the first two years of Saskatchewan's existence as a province, government circles were notably silent. In fact, responding to rumours that his Liberal government was about to emulate Manitoba's example and establish a provincially owned telephone system in competition with the Bell monopoly, Premier Walter Scott (1867–1938) frankly confessed in April 1906 "that the subject is one which has never been discussed by our Government, and whatever we may find it advisable to do in future years, for this Session at all events we have no intention of doing anything."[72] Public ownership of telephones in Saskatchewan was thus a largely popular initiative, backed by the Conservative Opposition in the Legislature, to which the governing Liberals reacted belatedly. So on this issue, at least, where the public led, the Scott administration followed.

The second notable feature of the telephone question in the province was that "public ownership was introduced without once having engendered debate—inside or outside the Legislature—on the question of public *versus* private enterprise."[73] This appears to indicate, writes Dufferin Spafford, that the discussion over the principle of social control emanated from two basic problems. One was the slow and inadequate development to date of long-distance and rural circuitry in the province by private concerns. This fact "made state participation of some kind almost inescapable." To be sure, in 1905 both the Saskatchewan Telephone Company of Moose Jaw and the Saskatchewan Telephone and Electric Supply Company of Saskatoon had announced plans to lay long-distance lines to several adjacent points.[74] At the same time, Bell Canada had inaugurated its own vigorous program of long-distance construction in the West, including some rural connections. The Moosomin Telephone and Light Company likewise provided a few farm circuits. But for technical, logistical and financial reasons, progress in expanding telephone service lagged far behind the expectations of a surging population. Demands for the device thus increased far more rapidly in relation to this growth in terms of people and prosperity than the ability of any private enterprise to satisfy them.

The other root problem identified by Spafford was the prevailing mistrust of monopoly, despite the accepted wisdom of the day that the telephone was a prime example of a "natural monopoly."[75] This apparent contradiction was reconciled, however, by no less an authority than Premier Roblin of Manitoba. When announcing his government's plan in 1905 for a provincially owned and operated telephone system to compete with Bell Canada, he stated that the decision was based on "the fact that the telephone is, and must necessarily be, a monopoly, and yet it is one of the most desirable and necessary facilities for the dispatch of business, and for the convenience and pleasure of the people."[76] He later added in support of his telephone policy that "the principle of government-ownership of what are considered natural monopolies is recognized as a sound one."

Although Saskatchewan newspapers had followed the unfolding debate over telephone control in Manitoba and Alberta with much interest, not a word was uttered about the issue in the 1905 or 1906 sessions of the provincial Legislature. Nor was any reference made to it in the Speech from the Throne of 22 February 1907. In the rest of the province, however, the discussion began to take shape by popular initiative despite, or perhaps because of, Regina's[77] apparent indifference. Already there was widespread sentiment in favour of public ownership of utilities, especially among farmers who continued to struggle against unequal competition in the rail-transportation and grain-handling industries. They "saw and suspected the danger of monopoly, price-fixing and fraudulent grading and weighing" of their crops.[78] The same strong preference for social control of public utilities was expressed also at the hearings of the Select Committee on Dominion Telephones in 1905. Though ultimately inconclusive, the commission at least had given Saskatchewan municipalities an opportunity to voice their grievances against the Bell monopoly. In its place, many of the reports and memoranda they had submitted had advocated some form of public ownership of telephones.[79] But when the Laurier government refused to address the problem in any practical way, the controversy in Saskatchewan momentarily died down.

It was reignited in June 1906, however, when the Regina City Council made "a rather petulant demand for municipal ownership of telephones," after the Bell Company had infringed upon its right-of-way by installing poles in streets ear-marked for paving.[80] Once more, the Scott government detached itself from the issue, despite appeals by city counselors and private citizens alike for some kind of redress. Wrote the premier in response to one such request:

> *I may say that the matter of telephones in Regina is not one with which the Government will have anything to do so far as I know at present. I would suggest that you write the Secretary of the City but at the same time would say that if the people of Regina decide to procure competition against the Bell Company I am inclined to think that they would go about it by way of a municipal system rather than by bringing in another private company.*[81]

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T. Walter Scott, first premier of Saskatchewan (1905–16)

But by the following year, it was becoming clear that the provincial Liberals no longer could ignore the telephone issue, especially as the pace of protests quickened and the Opposition seized hold of it in the Legislature. One provincial organization after another called for public ownership, starting with the Regina branch of the Saskatchewan Grain Growers' Association (SGGA).[52] Similar resolutions followed in rapid succession from the Regina Trades and Labour Council (16 February), the SGGA general convention (20 February), the Qu'Appelle Board of Trade, the Associated Boards of Trade of Western Canada (19 June) and the Union of Saskatchewan Municipalities (6 August).[53] Even a mock parliament sponsored by the Knox Church Brotherhood at Regina on 5 March took a stand on the matter. Noting "the prosperity with which the Province of Saskatchewan had been blessed during the past year and the increasing settlement which had taken and is now taking place," the introduction was promised "of a measure to secure Government ownership and control of an automatic telephone system."[54]

Whether the Scott government could have continued to put off the telephone question in view of this mounting public pressure is doubtful. Indeed, indications are that the premier not only had begun to discuss the matter with his cabinet in late 1906, with a view to investigating ways and means, but had decided already that any telephone system established in the province would fall under the jurisdiction of "the department [of Railways] over which he presided."[55] Not until early 1907, however, did the government officially break its silence when Liberal MLA W.C. Sutherland raised the issue in the Legislature. Referring to the evidence gathered by the Select Committee on Telephone Systems in 1905, he stated that,

> *it does not appear to be in the best interests of the public to allow a large corporation to secure control of a province because, in the case of the Bell Company, they are big and strong enough to enter into agreements with railways and other companies, and having control of the long-distance lines are able to kill out all competition and to fix rates at a figure which they may consider fair but which the public do not.*[56]

Sutherland concluded his remarks by hinting that action by the government was forthcoming.

Although the Liberal administration had seemed to be unresponsive to the telephone matter hitherto, this attitude was due more to policy priorities than

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Frederick Haultain, leader of the Provincial Rights Party

to negligence. Regina was still preoccupied with building the basic apparatus of state that would allow the young province to function effectively as a self-governing political, social and economic unit. That Premier Scott was unprepared as yet to undertake secondary concerns—including government-owned telephones—until this fundamental infrastructure was in place, is suggested by the evasive answer he gave in spring 1906 to an invitation from Winnipeg to send a joint representation to Ottawa on the issue.[57] Nor did his government oppose public ownership on ideological grounds. On the contrary, at the organizational meeting of the provincial Liberals in 1905, the delegates had resolved that

> *this convention, while not wishing to restrict legitimate business enterprises, desires to place on record its approval of the principles of control of public utilities wherever practicable, and that it is of the opinion that the Provincial Legislature in granting, or in providing for the granting of charters and franchises, should always keep steadily in view, and provide accordingly for the possible ultimate control of all such facilities by the state or municipal corporations.*[58]

Now, two years later, the government was being lobbied by almost every pressure group in the province to apply the principle of social control to telephones before it was prepared to act.

Yet it was Frederick W.G. Haultain (1857–1942), leader of the Provincial Rights Party (as the Conservative Opposition called itself until 1911),[59] who really forced the government's hand. In an interview published by the Regina *Daily Standard* on 18 February 1907—a week before Sutherland raised the question in the Legislature—he praised the examples of Manitoba and Alberta on the telephone issue. "There is no doubt," Haultain asserted,

> *that a cheap and readily extended telephone service is invaluable to the development of a community consisting largely of farmers, as it brings these into direct touch with their markets—often a matter of prime consideration—and also brings about a hardly less valuable intercourse between town and country which is of mutual advantage in many ways. Under present conditions—that is control of our telephone systems by the Bell Company—prices and terms of operation are such as to put farmers' exchanges entirely out of the field, while towns and cities are obliged to pay exorbitant rates for very unsatisfactory service.*

At the party's convention the following month, the delegates passed a resolution which affirmed their commitment to the principle of public ownership of telephones in opposition to the Bell monopoly.[90] Echoing the words of Premier Roblin of Manitoba, Haultain stressed in support of his party's position that

> *the public utilities, the natural monopolies if I may use the term, should be administered and used and controlled and employed for the benefit of the people to whom they belong. That is the general proposition, and one which I think under present conditions will not admit of any discussion at all.*[91]

This was not mere posturing on Haultain's part. Nor was it a partisan ploy to gain votes by striking a public-ownership chord already in tune with popular sentiment around the province and across the country. It was an essential foundation of both his personal and his political beliefs. As the first and only premier of the former Northwest Territories (1891–1905), Haultain "was probably the best known and most favourably regarded public figure in Saskatchewan."[92] Above all, he was a passionate advocate of responsible government and provincial autonomy, especially in such sensitive constitutional matters as control of public lands, mineral rights and education. Indeed, his strong opposition to the centralizing policies of the Laurier government in Ottawa effectively had cost his appointment to the premiership of the new province of Saskatchewan. Almost everyone was surprised.[93] This political plum had gone instead to Walter Scott. He had supported provincial autonomy at first, but then had switched sides to the prime minister's position on restricting Regina's authority.

That Haultain took up the cause of a publicly owned and operated telephone system in 1907, according to the examples of Manitoba and Alberta and in concert with the larger movement across Canada, was in complete conformity not only with positions he had defended over the course of his public career, but also with the platform of the Provincial Rights Party since its organization in 1905.[94] There was no contradiction here; no sudden transformation of views simply to make political hay. Owing instead to the Scott ministry's apparent inaction on the telephone question, Haultain naturally introduced a motion at the earliest opportunity in the Legislature (on 26 March), in response to public demands.

The only possible objection to his telephone resolution, he argued in its support, or for that matter to "the public operation of utilities of any sort," was the old claim that governments could not provide these services as effectively as private corporations. But that was false. One had only to educate the people and bring them into direct contact "with the operation of a scheme of their own" to ensure good management. Nor was there any question about the feasibility of such a plan, as the province could use the models of other jurisdictions in designing its own. The real problem, Haultain warned, was that telephones constituted a natural monopoly—"a system which from its very nature becomes a monopoly as soon as it was put into operation"—and that "one of the most grasping and tyrannical monopolies existing in Canada today ... was that monopoly which almost exclusively controlled the telephone systems in the Dominion." This immoderate reference to Bell Canada could not have been missed by anyone. Consequently, he declared, it was not just upon the sound principle of public ownership of telephones for the benefit of Saskatchewan citizens that his motion should be adopted by the

Legislature. It was also upon the need "to protect ourselves against the encroachments of a monopolistic company, which was fast-securing a hold upon the province."[95]

J.H. Lamont (1865–1936) responded for the government, saying that it already had given the telephone question considerable attention, and that Walter Scott had taken a special interest in the matter. For some time, indeed, the premier had been gathering "facts and figures" and reviewing the evidence of the Dominion telephone commission of 1905 with a view to forming a government policy. In any case, the financial estimates tabled the previous day had included a sum of money to provide for an official inquiry into the construction of a telephone system for the province, on the grounds that "the house was entitled to the fullest information" possible. Although Lamont personally "would have preferred to see the Dominion Government take up the system in connection with the Post Office," he agreed with the abstract principle of Haultain's motion. He then concluded by stating that the government would be in a better position the next year to introduce a telephone bill once its investigations had revealed the best way to proceed.[96] In other words, notes Spafford, "the government was without a policy."[97]

In the ensuing debate, Liberal MLA George Langley (1852–1933) also endorsed the principle of government ownership of telephones as a public utility, in conformity with the party's general philosophy. But, he insisted, an investigation had to precede any decision by the government. J.T. Brown, the Conservative MLA for Souris, agreed, but wanted control of any system ultimately built by the province to be placed above partisan influence and "the spoils system, by being conducted … by a commission representing both parties." He was followed by W.R. Motherwell (1860–1943), the Liberal Minister of Agriculture, who "asserted the very great importance of telephones, especially to the rural population, as being only secondary to educational and scientific progress." He likewise cautioned, however, that because public ownership was still experimental, "inquiries were necessary to prove that it was commercially practicable."[98]

At this point, J.H. Lamont proposed an amendment to the Opposition leader's motion:

> *While the House favours the principle of government ownership of the telephone system for the province, it is of the opinion that before any active measures for the inauguration of such a system the Government should make a thorough inquiry into the making of similar systems in Canada and elsewhere, and that the steps [previously] undertaken by the Government with this object in view should be continued, in order that the Legislature at its next session, may be in a position to deal with this important question.*[99]

In the brief exchange that followed, Haultain used the examples of Manitoba, Alberta, New Brunswick and other jurisdictions to show that publicly owned telephones were, in fact, no longer experimental. Acknowledging, however, that a formal investigation could direct the Scott government "in the right way," the Opposition leader withdrew his original motion, and Lamont's amendment was carried.[100]

But discussion did not end here. Debate resumed at the end of March, following the presentation of the budget—the last item of business for that session. Speaking for the government, James A. Calder, the Provincial Treasurer, declared that the telephone issue was not as urgent as those of railway development and grain marketing. Although "we all agree as to the advantage if people of the province can be supplied with the telephone," he admitted, "this question is not pressing upon us as closely as other matters I have touched upon." Nevertheless, he pointed out, $6,000 had been budgeted for the investigation that the House had authorized already.

His speech made it seem, however, as if the Liberals were trying to backpedal on the issue, and the Opposition said so. But Calder retorted that the government had no intention of "entering into a large expenditure without knowing what the end would be"; that public ownership of telephones—despite Haultain's objections—was still on trial "so far as supplying a sparsely settled province like [Saskatchewan] was concerned"; and that any system finally selected had to include rural connections, though it was still undecided whether the government would operate only the trunk lines and leave the local lines to municipalities. At all events, Calder concluded, the Scott government was still preoccupied with laying the foundations of the new province, and telephone development was just not a priority. Motherwell then added sarcastically that in constructing the provincial infrastructure, rather than build from the ground up, the leader of the Opposition would have the government "start at the top of the house and build downwards." The announcement was made, nevertheless, that the government would proceed with a telephone inquiry as instructed by the House, and for that purpose intended "to engage a thoroughly practical man and to send him to places on the continent where telephone systems were in actual operation."[101]

FRANCIS DAGGER, TELEPHONE EXPERT

From all appearances, the Scott government had committed itself to a policy of public ownership of telephones, but with sufficient flexibility to escape if necessary. It seems that as far as the Liberals were concerned, the recent motion was merely an expression of opinion by the Legislature on the abstract principle of social control, and that government ownership of whatever system chosen was contingent upon a convincing demonstration that it was feasible. Consequently, both J.A. Calder and W.R. Motherwell evaded the main issue, saying only that the chief "point of the resolution which was passed was the advisability of carrying out an inquiry for the purpose of finding out what could be done."[102] Even Premier Scott carefully sidestepped any references to the House vote in favour of public ownership of telephones. All he would admit was that some means had to be discovered to connect farmers, and that for its part, the government had "an absolutely open mind on the whole question of ways and means to that end."[103]

Be that as it may, reaction was swift to the news that Saskatchewan had decided to investigate the viability of building a provincially owned and operated telephone system. Bell Canada was naturally apprehensive about the announcement. It disrupted negotiations with the Roblin government for the purchase of Bell's Manitoba plant, in particular, "the difficult point being the effect of a sale upon the Company's business in Alberta and

Saskatchewan."[104] Already in 1906, a former employee of the telephone giant, T. Ahern, had written to discourage Scott from following Manitoba's example of constructing a publicly owned system in competition with Bell: "The plan is such a harebrained one, and so manifestly unworkable that I trust it is not the intention of the Liberal Government of Saskatchewan ... to take up the scheme within that Province." If, however, the premier was contemplating such legislation, Ahern had suggested that it would be "good politics" to await developments in Ottawa with respect to the public-ownership question. He also had advised that a careful study of the whole telephone situation in the meantime would "afford much light on what to a layman is a most complex problem." Ahern had ended his letter by expressing a sincere hope that "the spoliation tactics of the Roblin crowd will not be encouraged by your Province, where I understand the Bell Company has displayed its usual enterprise, and is making good progress in connecting up the various towns and villages within your province." The corporate giant was, after all,

> *one of the most enterprising, and the most fairly and most ably managed companies in Canada; and this unfair onslaught, which has been led chiefly by Billy McLean [sic], has put the Company entirely on the defensive.*[105]

Still other reactions welcomed the announcement that Saskatchewan endorsed a policy of public ownership. The Canadian Independent Telephone Association certainly saw it as a source of additional reinforcement in its "energetic and persistent campaign" to further the popular movement for cheap telephone facilities throughout the Dominion. As F. Page Wilson, the Association's secretary-treasurer, wrote to Walter Scott: "This movement, as you are aware, promises in the near future to equal that in the United States where the growth of Independent Telephones has been one of the most marked features of the last ten years." He then invited the premier to pledge a private or public subscription to assist the Association's fundraising efforts.[106] But Scott politely declined the invitation, claiming that his personal resources were stretched too thinly at the moment to make a private donation. A public contribution, he affirmed, required a special vote by the Legislature before any monies could be spent.[107]

A.C. Grey of the Western Electric Company, New York, similarly congratulated the premier on the recent resolution. "Having had the pleasure of meeting you and learning from you of the intention of your Government to establish telephonic communications with the rural sections of your province," he wrote, "I shall always feel interested in the progress that you are making."[108] He next offered his assistance, along with recommendations of two men who (Grey believed) were qualified "to organize a telephone system in your province." One, whom he did not name, had twenty years' experience with telephone systems. Employed by Western Electric since 1891, he had represented the company in four different regions of South America, installing apparatus and supervising plant construction.[109] The other, named Crouch, was Western Electric's agent in Montreal. Described as a trustworthy man, he had worked for some years in the company's technical department.[110]

But Scott already had found "a thoroughly practical man" to aid "the people and Government of Sasktachewan towards reaching a conclusion on the telephone policy," as authorized by the Legislature.[111] On the recommendation of Sir William Mulock, an offer was made to, and accepted by, Francis Dagger, the recognized telephone expert in Canada. This appointment was not automatic, however, as some scholars imply.[112] It also appears that Dagger was not Scott's first choice. In late June 1907 the premier had received a letter from W.J. Maier of Seneca Falls, NY, which had included a copy of a public address on telephones given by a specialist named Cadwaller. In his reply, Scott confessed that had he received Maier's note with its enclosure earlier, he probably would have hired Cadwaller for the task because, he wrote, "I had quite failed to find anyone else who would suit" during a trip to Ontario. This suggests that if A.C. Grey also had submitted his recommendations with greater dispatch, either or both of the men he backed would have been considered seriously for the job, too.

In any case, while in Toronto Scott had spoken about the matter to Mulock, "who I thought would know numbers of men of the kind we wanted," given his recent chairmanship of the 1905 Select Committee on Telephones. Mulock had confessed, however, that he knew of only one, Francis Dagger, who was employed currently by the Manitoba government to assist in formulating its telephone policy. On returning to Regina, Scott had discovered that Dagger, "having learned something of our proposal, [already] had written us saying that his Manitoba engagement was terminating and offering to work for us." Should they be unable to agree on the terms of employment, or should Dagger be unable to come as required, Scott assured Maier that he would contact Cadwaller immediately.[113] At the same time, he wrote to A.C. Grey, saying that although he and Dagger had "an arrangement pending" and expected to hear definitively from the telephone expert within the week, should their agreement fall through, he would contact Grey again. Meanwhile, Scott advised him that he would be pleased to talk with Grey's second candidate, Crouch, who was planning to visit Saskatchewan.[114]

In the event, however, an agreement with Dagger was concluded. According to the terms of the contract, he was to be hired for a period of three months, starting on 1 August, at a salary of $300 per month.[115] His investigation and report, noted Scott in a separate letter to A.C. Grey, "will determine the action in the matter to be taken by this Province."[116] But that the Saskatchewan premier was already certain what the results of that report were likely to be is suggested by his subsequent comment that he was aware of Dagger's experience in the industry in eastern Canada, and that Dagger was equally "aware of our object in the matter." "I have every confidence from what I learned from Sir William Mulock and otherwise," Scott assured him, "that you are fitted to give Saskatchewan an excellent service."[117]

This admission led both Spafford and Brennan to conclude that Dagger's appointment as telephone consultant by the Liberal government was no mere accident. "It is hardly reasonable that Scott, with his cautious approach to the whole telephone question, should have committed his telephone policy to an expert of whose views he knew nothing—especially when those views are available."[118] This is accurate only so long as one remembers that, by the premier's own admission, Dagger was neither his sole candidate for the job nor even his first choice. More perceptive is historian Gordon Barnhart's appraisal of the situation. "Before trying to solve a problem," he writes,

> *Scott was a master at pulling together a team of "experts" to study the situation and to make recommendations for a solution. In most cases, after full consultation with the people of the province, the government followed the recommendations of these experts. Scott, however, was not about to leave the solution-finding process just to random chance; he took great care in choosing the membership of each commission. He knew the background and beliefs of each commissioner and in many cases met with the commissioners before they began their work. The final recommendations were thus no surprise to him; they were the product of a carefully executed plan. Yet in all cases, Scott left the impression with the public that the commission was independent and beyond the reach of the government.*(12)"

Though coldly calculating, this method of approach was nonetheless very effective, and helps to explain the longevity of Liberal rule in Saskatchewan during the first quarter century of its life as a province.

Yet even if he was not Scott's prime candidate, Francis Dagger was in many respects well suited for the task before him. Born in Liverpool, England, in 1865, he had worked in the telephone field since the age of 16. From 1885 to 1893 he was employed by the Western Counties and South Wales Telephone Company with responsibility for purchasing, estimating and engineering. When that corporation amalgamated with the National Telephone Company, Dagger was retained as inspector and superintendent of equipment and maintenance. Five years later, however, he emigrated to Canada where he initially joined the Bell Telephone Company as manager of its Waterloo, ON, district. But when the Toronto City Council began to consider municipal ownership of telephones in 1900, Dagger resigned his position after less than a year to prepare estimates for the municipality.(13) Whether his decision was motivated by dissatisfaction with the Bell company, the new opportunities available to private consultants in the rapidly growing industry, or the stimulating prospect of taking on the telephone giant and its monopoly almost single-handedly, Francis Dagger soon became the most outspoken opponent of his former employer and the best recognized telephone expert in the nation.

His views of the Bell monopoly, on the one hand, and his enthusiastic support for the principle of government ownership, on the other hand, just as quickly became matters of public record. It is worth reviewing his perspectives on these matters at some length, as they constituted not just the evolution of his thinking on the whole telephone issue, but also the blueprint for the final report he submitted to the Saskatchewan Legislature at the end of his investigation in 1908.

Retained five years previously by the Dominion government to report on telephones in Canada and Great Britain, Dagger had authored a number of highly critical articles published in *The Canadian Engineer* at the same time. In these columns he placed all blame for the scarcity of the devices in the country squarely on Bell's excessive rates, over-capitalization and refusal to provide service in villages and rural districts, except on extortionate terms. Another problem he identified was that the expense of upgrading obsolete exchanges and equipment was passed automatically by the corporation onto the subscribers in the form of increased charges, instead of reducing dividends to its shareholders. How different were the methods of independent companies. These, Dagger argued, not only could provide superior telephone service to meet the growing demand across the country, but they could do so at a third of the cost charged by Bell Canada and still earn satisfactory profits.[121]

Doubtless, he continued, Bell supporters would retort that "the telephone is a natural monopoly, and therefore competition must fail." But the growth of independent companies in the United States since 1894 had proved otherwise. In fact, he noted, there were more failures of national banks within the same period of time (1894–1903) than of independent telephone concerns. And although the existence of dual systems in some American cities was less than ideal, at least "the effect of competition upon the rates [was] ample compensation for the inconvenience of two exchanges in one town." There also was a marked improvement, he found, in the quality of service. In any case, wrote Dagger, "Canadians cannot afford to allow the telephone service to remain any longer in the undisputed control of a monopoly which has proved itself to be either unwilling or unable to satisfy the reasonable requirements of the people."[122]

His solution, however, was not to place the control of telephones in the hands of the Dominion government alone. That "drastic remedy," Dagger noted, was still experimental. Meanwhile, the results with regard to rates, quality of service and pace of development had been generally unsatisfactory in those European countries (Austria, Belgium, France, Germany, Switzerland and Luxembourg) that had adopted "the rigid methods and highly centralized management of either a government department or a monopolistic corporation."[123] This led him to conclude that "the ideal telephone service of the future will be controlled locally, either by the municipalities owning and operating the exchanges, or by independent companies acting in perfect unison with the municipal councils, the long distance lines being under the control of the State."[124] To that end, Dagger argued for government legislation to "relieve the people from the monopolistic rule of the Bell Telephone Company," to provide telephone service at reasonable rates and to safeguard municipal control over right-of-way. This idea, he noted, had formed an important part of the proceedings at the annual conference of the Union of Canadian Municipalities.[125]

With his reputation growing, *The Canadian Engineer* was not the only forum for Dagger's views. Appointed as technical adviser to the Select Committee on Telephones in 1905, he was the first witness called to testify before the commission. This gave him ample opportunity to reiterate his strong criticism of Bell Canada's excessive rates, over-capitalization and inattention to small communities and rural areas. Thanks to these conditions, he added, the number of telephones in Canada was out of proportion to the size of the population, especially when compared to the smaller Scandinavian countries of northern Europe. In those nations the average was one device for every 14 inhabitants. By contrast, the best ratio to be found in Canada existed in British Columbia where there was one telephone for every 63 residents! Dagger then described the success of municipally owned lines not just overseas, but also in Port Arthur and Fort William, which jointly operated a profitable exchange at rates far below those of the rival Bell Company. In short, he "frankly favoured

Government ownership and control of long-distance lines and Government control [i.e., regulation] of local systems," but with the provision that municipalities desiring it should be granted licenses to open their own exchanges.

As part of that goal, Dagger recommended additional legislation to compel the existing telegraph companies in the Dominion to provide all local telephone systems with access to their lines. This was meant to facilitate long-distance connections so that subscribers could "converse with whomsoever may call them up without regard to the exchange where the call originated." As for rural telephones—a new element in his thinking—he urged "that cooperation on the part of the farmers themselves should be encouraged" to build circuits according to government specifications. These people also were to enjoy full access to the nearest local and long-distance systems "upon payment of the proper charges."[126]

In other words, Francis Dagger envisaged a flexible scheme for the organization of the Canadian telephone industry on a national level. His views provided for state control of long-distance lines and regulation of local systems operated by municipalities or independents, in order to reduce rates, ensure quality service and generate satisfactory operating profits. At base was his keen determination to dismantle the powerful Bell monopoly in favour of healthy competition—carefully, but not excessively, supervised by Ottawa. Outright nationalization of the public utility, he knew, was no solution to the Canadian situation. State ownership might work in very small countries such as Belgium, but in larger jurisdictions like France and Germany the experiment had failed. These nations were too vast and government regulations too rigid for this option to succeed. So Canadians could profit "from the experience of others" by ensuring that control of local telephone business was left with those best suited for the task: independent companies and municipalities.[127] As to whether "competition in telephones tended to the advantage of the general community"—the main question in Dagger's opinion—the American example amply demonstrated its benefits, which included the rapid expansion of telephone usage and the reduction of tariffs.[128] Besides, not only was it easier "to convince capitalists that there is money in independent telephones than to persuade municipal councils ... that it is desirable to adopt municipal telephones," competition also stimulated increased employment. So it served an important social function, too.[129]

There was a possible drawback to this scheme, however. Once again invoking the American example, Dagger warned against the potential for combinations among independent companies. That would revive the old problems of watered stocks and increased rates "with the possibility of the monopoly reverting to Bell interests."[130] To prevent this, all existing companies in Canada (at least 60 in total, according to *The Canadian Engineer*) should be brought together under the supervision of a government department in Ottawa, and then licensed to do business in specific areas of the country. The licenses were to be awarded under clearly defined stipulations that guaranteed facilities to all subscribers, provided connections with systems controlled by other companies, and ensured standardized construction with regard to materials, equipment, quality and cost. The contentious issue of right-of-way, meanwhile, was to be left strictly within the jurisdiction of municipalities.

Following his appearance before the Select Committee, Dagger next spoke in Toronto on 5 September 1906. This was the first annual convention of the newly organized Canadian Independent Telephone Association, of which he was the principal founder. He presented a paper entitled, "The Canadian Telephone Situation from an Independent Standpoint." Hired just recently by the Manitoba government as its technical expert to facilitate the takeover of Bell's operations in the province, Dagger's address was hailed by *The Canadian Engineer* as "the best presentation of the case for independent telephony ever made in Canada ... [and] a model of convincing logical statement."[11] Finally, in early August 1907—just days before taking up his official duties as telephone consultant for the Scott government—he spoke at the annual convention of the Union of Saskatchewan Municipalities in Regina.

Because the Bell Company did not have exclusive control of telephones within the province, he told the delegates, the government would not have "to adopt strenuous and expensive methods in order to break down a gigantic private monopoly." Yet to prevent just such a company from gaining absolute control in future, he once again advocated government ownership and operation of all long-distance lines. He argued additionally that every community should have access to these lines, while every farmer should be able to enjoy telephone service at reasonable rates. Local exchanges, he reiterated, also should be controlled locally, though "whether Regina and other towns were ripe for municipal ownership," he was unsure. Even so, he expressed his certainty "that the time would come when in all Countries under the British flag municipalities would own and control their local telephone system, just as they owned water and electric light systems today."

But, Dagger cautioned with reference to the inquiry he was about to begin, whatever policy the Saskatchewan government finally chose should not involve a financial loss. "It was simply a question of expenditure and revenue, for the Government could not be expected to provide a public service of that kind unless it could be made self-supporting." His task, meanwhile, was to determine the viability of such a scheme, and he hoped that with cooperation from Saskatchewan farmers in particular, the province would become a pioneer in providing telephone service to a sparsely settled region.[12] It is testimony to his powers of persuasion and the prevailing public mood that, at the conclusion of his remarks, the convention passed a resolution which objected to Bell Canada's excessive rates and endorsed government ownership of telephones for the province.

What all of this demonstrates is that Francis Dagger was not an unknown quantity to Walter Scott. The premier had reviewed the report of the Select Committee on Telephones of 1905, in which Dagger's testimony was prominent, and doubtless also was familiar with his various articles and addresses. Moreover, because he had ready access to the telephone expert's views, the report Dagger submitted to the Legislature in spring 1908 can have contained few surprises for Scott. In many ways, as we shall see, it simply repeated positions that he had developed during his sixteens years of experience in the telephone industry, with only minor variations to suit the particular needs of the province. Otherwise, all of the elements later adopted by the Liberal government in the formation of its telephone policy in 1908 were present in Dagger's early writings and "hot gospel" speeches.

CHAPTER FOUR

A DEPARTMENT OF RAILWAYS, TELEGRAPHS AND TELEPHONES IS FORMED, 1907-1908

EVEN BEFORE 1905, WHEN SASKATCHEWAN AND ALBERTA joined Confederation as new provinces and the issue of public ownership of telephones was first raised in government, Alexander Graham Bell's invention had become an elemental part of the social fabric of the Canadian West. Prairie farmers, small businessmen and growing municipalities from Winnipeg to Calgary might not have grasped the full social, political and commercial implications of telephone development for the future. But they certainly appreciated the practical value of the device in the transactions of their daily life. At the same time, they clamoured for government ownership of telephone systems in the newly formed provinces. They thus joined a chorus of voices in the larger populist movement that had begun to sweep across North America in protest against private control of public utilities.

In the overwhelmingly rural society of the Northwest Territories prior to 1905, the only viable alternative to government ownership and operation of telephones had been the monopoly of the Bell Company of Canada. But the widely held belief that it was earning excessive profits at the expense of subscribers had alarmed prairie people, who already complained of poor service and exorbitant rates. The company also had admitted its reluctance to extend service into thinly populated, rural areas at affordable (and therefore unprofitable) rates. It had preferred to concentrate on lucrative urban markets instead. Hence, the telephone giant effectively cut its own business throat in the largely rural provinces of Manitoba, Saskatchewan and Alberta. This in turn added a new dimension to the quarrel over private vs. public ownership of telephones that had spread outward from Ontario. In essence, notes historian R. Collins, "Bell's problem was really the eternal eastern Canadian problem: it simply didn't understand the West."[1] What the corporation failed to comprehend was that the *rural* telephone issue assumed the greatest importance to farmers, owing to the widely dispersed settlement of the former Territories, the great distances that separated farms from markets, and the isolation of homesteads on the broad plains. Western animosities were only heightened, meanwhile, by past experience of monopolistic railroad companies and resentment of Bell as just another "eastern imposition."[2]

But the various municipal telephone systems in the prairie provinces, whether publicly owned or licensed to private franchises, were unable to challenge the Bell monopoly effectively prior to 1905. Because of the company's ability to refuse them access to its growing long-distance network, unique in Canada, their position was weak and even vulnerable. After all, the value of telephone service depends ultimately upon the size of the network to which a subscriber has access. "Thus, if the interconnections of networks is not permitted, larger networks possess an inherent advantage over smaller ones."[3] Moreover, Bell had Ottawa's approval to erect lines in any town, thanks to its Dominion charter of 1892. This loss of authority over right-of-way within their own jurisdictions made it impossible for western municipalities to block the company's access.

The fledgling governments of Saskatchewan and Alberta, and the older provincial authorities at Winnipeg, likewise found that their hands were tied. Although rural telephone service might have occurred by offering a sufficiently attractive subsidy to Bell, they had neither the financial resources to pursue that option, nor the legislative power to oversee the operations of the telephone giant. Those matters fell automatically under Dominion jurisdiction. As well, given Bell's role in interprovincial telecommunications over its long-distance network, however rudimentary at the time, it was impossible to regulate or expropriate the company at Winnipeg, Regina or Edmonton, even had Ottawa allowed it. Consequently, "the sole recourse for governments wishing to ensure local or provincial control was to create public systems that could undercut the private monopoly."[4]

But the provincial capitals had the legal right to do this, in any case. For Section 92, subsection 10 of the Constitution Act (1867) specifically assigned jurisdiction "over local works and undertakings to the provinces while giving authority to Ottawa in relation to interprovincial and international works and undertakings."[5] This meant that any lines of ships, railways, canals, telegraphs, telephones or other works that benefitted one province only and did not extend beyond its political boundaries, fell fully under provincial control. Not until the mid-1930s was this jurisdiction challenged, because by that time telephone interconnections among the provinces had effectively created a national network. Even so, in any dispute the Judicial Committee of the Privy Council almost always ruled in favour of the provinces. This arrangement only really changed after 1950, when Ottawa began to exercise its extraordinary "declaratory" power to assume legislative jurisdiction over any works located entirely within a province that were deemed to be "for the general advantage of Canada or for the full advantage of two or more of the provinces."[6] Otherwise, control of telephones and telegraphs remained under the original terms of the Railway Act (1903), until transferred in 1972 to the Telecommunications Committee of the newly created Canadian Transport Commission (est. 1967). Nine years later, that jurisdiction was shifted once again, to the Canadian Radio-Television and Telecommunications Commission (CRTC) where it remains today.[7]

THE DAGGER REPORT, 1908

The groundswell of popular support for government-owned telephones in the prairie provinces, which began in 1905, reflected the concerns, requirements and perspectives of frontier and community development in the Canadian West. Left to its own devices, and offered the choice between private and public enterprise, there is little doubt that the Liberal government in Saskatchewan would have preferred private ownership. Unlike its counterparts in Alberta and Manitoba, where the issue of telephone control was politically rather than socially driven, the Scott administration simply did not regard it as a priority. Telephones were a secondary consideration that lagged far behind the crucial need for better rail service and grain-marketing. Nor did any of the Liberal MLAs in the Saskatchewan Legislature – with the possible exception of George Langley – display a "special enthusiasm for public ownership as a principle,"[8] despite having endorsed it as part of the party's general philosophy in 1905. Rather, the Scott government was propelled along the path of social control by the force of popular and business pressure within the young province.

Even so, by subsequently connecting public ownership to a program of telephone development, which had been both slow and intermittent in Saskatchewan to date, Regina was able to steal credit for some of the initiative. At the same time, this new approach served to calm the fears of those who otherwise might have objected to a transfer of private assets into public hands.[9] In fact, one Liberal MLA, J.F. Bole, only declared his support for government ownership of telephones because, he explained,

> *the system was in its infancy, and it was different from taking over such great concerns as railroads. Railroads had preceded or kept up with development, but the telephone business had not kept pace with the development of the country.*[10]

Yet no sooner had the Scott government announced its intention to examine the feasibility of creating a publicly owned telephone system for the province and hired Francis Dagger to undertake the study, than Regina took its first tentative steps toward that goal. In autumn 1907, for example, not only was a separate "telephone branch" added to the provincial Department of Public Works, but toward year's end the whole telephone matter was transferred to the "special charge" of Sidney P. Porter. He had specific instructions "to commence preliminary work upon the construction of Government lines,"[11] on the understanding that Regina planned to bring down the necessary legislation in the next session.[12] Significantly, Porter was the newly appointed Deputy Commissioner of Railways, the premier's own portfolio. About the same date, Walter Scott approached William Pugsley, the Dominion Minister of Public Works, to explore the possibility of stringing Saskatchewan-owned telephone wires on poles belonging to the Dominion government's telegraph line between Qu'Appelle rail station and Lloydminster. Pugsley's receptiveness to the idea led the premier to hope that a reasonable arrangement could be concluded.[13] Indeed, so confident was he that the premier announced to the *Montreal Gazette* on 9 December that his government "had about decided to begin a long-distance service. He thought that 300 miles would probably be erected at once."

Scott was deluged, meanwhile, with requests, petitions and offers of advice from various quarters, as if Regina were engaged already in the business. Among the first to write was A.C. Grey of the Western Electric Company, New York. He and the premier had discussed the telephone situation in Manitoba at some length during one of Scott's brief visits to the United States a year or two before. Referring to Dagger's recent appointment as Saskatchewan's telephone consultant, Grey urged that no matter what he might recommend, "it would be well to profit by any mistakes which may have unnecessarily increased the cost of the installation by the Government of Manitoba." (Whether this was a veiled criticism of Dagger's expertise or of Winnipeg's subsequent errors in implementing its telephone policy despite his advice, is unclear.) As for the purchase of apparatus and related materials in the event that Scott's administration actually proceeded with a publicly owned telephone system, Grey added that

> *competition should be open and above board, and orders placed with the most responsible manufacturer who can name the lowest prices and give the best guarantee, appreciating what it will mean to have a perfectly constructed telephone system in your territory, bringing all of your people in close touch with market conditions, all which will make for the prosperity of your Government.*[14]

Clearly no monopolist, Grey was nevertheless a good businessman. Hidden behind his friendly advice was an advance bid on behalf of Western Electric to supply the Saskatchewan government with the telephone equipment it would need.

Scott received, as well, written appeals and petitions from other interested parties on a whole variety of telephone issues. Over some of these, however, he as yet had little or no authority to act. At least one case also reveals the unforeseen difficulties of conflicting jurisdictions created by the division of the former Northwest Territories into Saskatchewan and Alberta. For in some cases, this had divided established communities, because of the artificial boundary line drawn between the two new provinces. On 13 November 1907, for example, Mrs. E. Curtis wrote to solicit Premier Scott's aid. In charge of the local telephone line in Lloydminster ever since it had opened for business, she expressed real concern that "the Alberta people are endeavouring to get the Central placed on their side of town." "The loss of the income will make a considerable difference to me," she added, hoping that Scott would intervene on her behalf.[15] But the premier was unable to help her beyond offering a vague assurance:

> *I regret to have to say that this is a matter over which this government has absolutely no control. If an arrangement such as you mention is carried into effect it will be the result of mutual agreement between the Alberta people and the local Telephone Company of Lloydminster. I am informed that it is very doubtful whether any such arrangement will be made as it would probably be necessary for the Alberta Government to obtain special permission from Ottawa to do business in Saskatchewan. It is possible that the installation of a terminal station by the Alberta Government on their side of the town will not affect the local Company in any way.*[16]

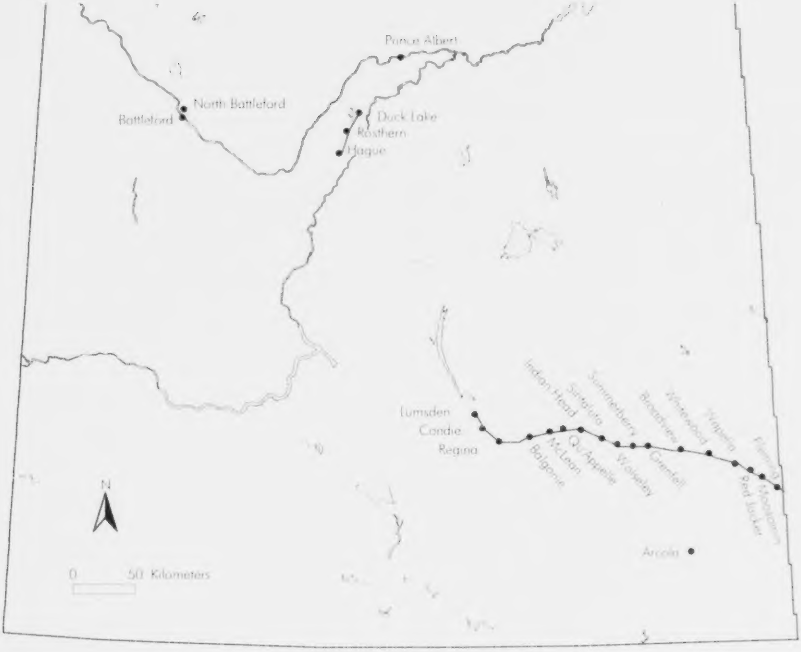
Scott's only constructive advice for Mrs. Curtis was to put the whole matter before W.H. Cushing, the Minister of Public Works at Edmonton.

At the same time, Regina received letters from fledgling local concerns, such as the Milestone Southwestern Telephone Company. Its organizers wrote with respect to the complicated issue of right-of-way as related specifically to stringing wires across the railway tracks owned by the CPR.[17] In reply, the government proposed that "if necessary, our Telephone expert, Mr. Dagger, will go to Milestone for the purpose of consulting those who are interested in the construction of your telephone lines."[18] The offer went nowhere, however, as the venture never got off the ground. Similar inquiries were received shortly after from the Milestone Farmers' Mutual Telephone Company, which might have replaced it.[19] At all events, the point is that long before Francis Dagger submitted his completed report on 24 March 1908, or formal legislation was enacted in the House on the matter, Scott's Liberal government had taken a direct hand in the preliminary work of establishing a publicly owned telephone system for Saskatchewan.

It was Dagger's report, however, that largely defined how that system was to be developed.[20] What he did, in effect, was to take the national scheme that he had envisaged for telephone development across Canada, and apply it to Saskatchewan. He began by reviewing the prevailing telephone situation in the province. He noted that Saskatchewan had approximately 3,250 of the devices, over half of which (1,698) belonged to Bell Canada. A mere 310, he calculated, served rural subscribers. The remainder were divided among five established companies: the Saskatchewan Telephone Company of Moose Jaw (est. 1905); the North-West Telephone Company of Saskatoon (est. 1907); the Yorkton North West Electric Company (est. 1902); the Wappella Telephone and Light Company (est. 1904); and the Alberta Government system at Lloydminster (est. 1907).[21] With a provincial population of 300,000, the combined number of telephones in operation amounted to one instrument for every 92 inhabitants. By contrast, the national average in the United States was one telephone for fewer than 20 inhabitants. Equally disproportionate, of the 121 municipalities, cities, towns and villages in Saskatchewan, only twenty-two had local telephone systems. "This development is very small indeed," noted Dagger, "and in my opinion is to be attributed … to the lack of long distance telephone service connecting these points where local service has not yet been furnished to the people." That was crucial to uniting the entire province under a single telecommunications network.

The problem was that long-distance was furnished currently by only two companies, and to a very limited degree. Bell Canada owned 166 miles of pole line on its system, which began at the Manitoba boundary, followed the main CPR rail line to Regina, and then veered north to Lumsden. The Saskatchewan Telephone Company had 254 miles of pole line that radiated east to Regina, west to Mortlach, north to Tuxford and High Pound Lake, and southeast via Estevan to North Portal on the American border. Although more extensive in terms of area covered than the Bell system, the Moose Jaw-based company's focus was very regional. Bell's service at least had the virtue of connecting southern Saskatchewan to Manitoba, Ontario and Quebec.

Otherwise, with the exception of Lumsden and High Pound Lake, there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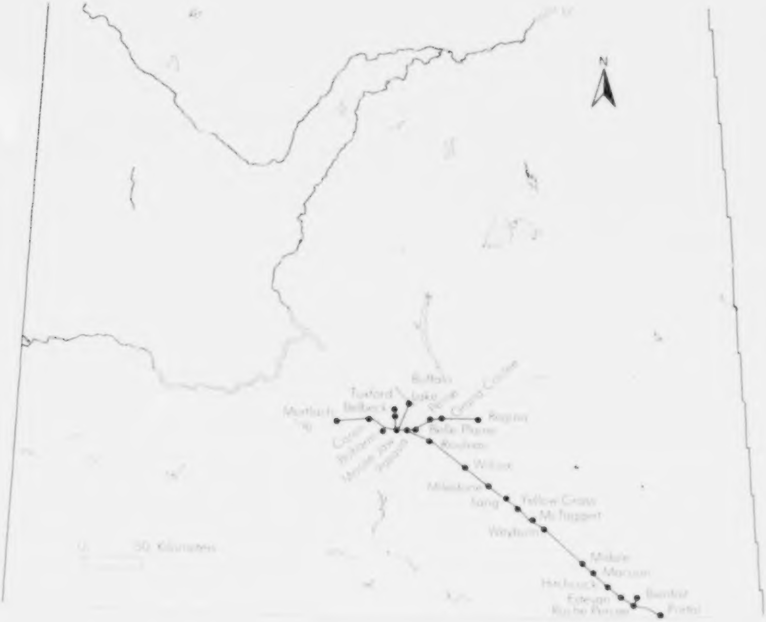
Broadview
Whitewood
Wapella
Fleming
Balgonie
McLean
Qu'Appelle
Wolseley
Grenfell
Red Jacket
Moosomin
Arcola

The Bell Canada system, 1909

was no long-distance connection north of the CPR's trans-Canada rail line. As a result, only seven local exchange systems operated in central Saskatchewan—at Prince Albert, Rosthern, Saskatoon, Battleford, North Battleford, Lloydminster and Yorkton. This led Dagger to condemn the long-distance service furnished hitherto by private enterprise as "totally inadequate ... and very much out of proportion to the rapid development of this province." How, then, was the Scott government "to secure to people in those parts of the province at present devoid of the facilities of telephone communication the services desired in the shortest possible time?"

At this point, Dagger divided the telephone service into three branches: 1) long distance; 2) local exchanges; and 3) rural or farmers' systems. He then addressed each in turn. To begin with, he argued that control of long-distance lines and local exchanges should be kept separate. Because long-distance lines furnished the only means of interconnection among the various telephone centres, he explained, a private company owning them "has by reason of its control of long distance service a virtual monopoly of the business to the disadvantage of the general public." For it easily could exclude competition from all places where it operates local exchanges. This situation had to be avoided at all costs. Nor was it advisable, Dagger continued, to follow the American lead in this case of building independent long-distance lines that rivaled those of the National Bell Company. Conditions in Saskatchewan were "so widely different" from those prevailing in the densely settled areas of the


N
Mortlach
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Bellbeck
Buffalo Lake
Grand Coulee
Regina
Caron
Boharm
Moose Jaw
Pasqua
Belle Plaine
Rouleau
Wilcox
Milestone
Lang
Yellow Grass
McTaggart
Weyburn
Midale
Macoun
Hitchcock
Estevan
Roche Percee
Bienfait
Portal
0 50 Kilometres

The Saskathcewan Telephone Company system, 1909

United States "that a similar duplication of long distance lines would … be an unwarranted expenditure of capital." He strongly advised instead that the province own and operate the long-distance lines. There was, in addition, a practical element to his thinking. Besides the urgent need for telecommunications in many parts of Saskatchewan as yet unserved,

> *[t]he difficulties in connection with the financing of long distance telephone lines [through available money markets] in a territory not fully settled are such that the people of this province will be deprived of long distance facilities for an indefinite period unless their development is assisted by the government.*

In terms of construction, Dagger urged the Scott government to begin with a network of 15 separate lines along the major routes of the CPR, CNR and eventually the GTP. The object was to connect key centres of the province from north to south and east to west,[22] and all points in between. This would involve 2,057 miles of construction at a conservatively estimated cost of $250 to $350 per pole-mile, depending upon the quality of materials used and the price of labour.[23] But because Dagger doubted that the province could erect more than 500 pole-miles that year, he urged the government to select the first lines to be constructed according to the pragmatic principle of "the greatest good to the greatest number." He also noted that as the Dominion government already had a telegraph line connecting Qu'Appelle to Regina, Saskatoon, Battleford and Lloydminster, "it would furnish a speedier and cheaper method of establishing communication with those towns" if Ottawa agreed to share its poles. That Walter Scott had approached the Dominion government with an identical proposition the previous December suggests that he and his telephone expert had colluded closely on the recommendations of the report long before its presentation. But the brand-new construction that Dagger proposed along the CNR line would be superior in any case, he argued, as it would service more municipalities and inhabitants than the Dominion telegraph line.

As for the long-distance tolls charged currently by existing companies, the telephone expert was convinced that government ownership would result ultimately in the provision of service at much lower cost to the subscriber. Even so, he advised, it would be wise if, during the first year of operation, the government adhered to prevailing rates until "it has been demonstrated by actual results that the adoption of a lower tariff is justified."

Turning next to the matter of local exchange systems, Dagger contended that provision of this service should be left in the hands of municipal councils. He believed firmly that "wherever a telephone service is controlled by a municipality, ... the people obtain a service best suited to local conditions both in regard to efficiency and rates."[24] Evidence revealed that in countries where the government owned and operated local exchanges in addition to long distance, development was retarded, tolls were high and service was inefficient. In fact, he argued, "no system of centralized management can be devised which will adequately meet the needs of a number of different communities distributed over a large territory," especially as distances increased from the central point of management. Moreover, because fully 98 percent of communications over any telephone network were local conversations, it followed that the business of providing a public utility on that level "does not rightly devolve upon a government but is rather one which should be placed in the same class as water, gas, electric light and power and street railways." As well, this raised automatically the thorny issue of municipal right-of-way. A local service like the telephone could not be operated, after all, "without using the streets which are the property of the ratepayers and are subject to the control of the municipality." This was another oblique shot at the Bell monopoly and its Dominion charter.

As always, Dagger supported his views on municipal ownership with practical arguments. One was the strong tendency of people under a centralized government system of telephones "to expect a uniform rate for service in all towns and villages the population of which most nearly correspond." But because of the distances involved and the wide variation in local conditions around the province, Regina would have to adopt an unequal schedule of rates. This meant, in effect, that subscribers in profitable exchanges would be subsidizing subscribers in unprofitable ones. That would create dissent. Moreover, the expenditure required for construction and maintenance of government-owned exchanges was "much too large to be considered." Besides, as soon as it became public knowledge that Regina planned to build and operate municipal systems, it would be swamped with requests for service. These would come not only from established centres, but also from "those numerous towns and villages which will spring up along the lines of new railways now being rapidly extended throughout the province." The need to select certain sites for development over others thus would compound the government's financial burden with political resentment from voters who felt unjustly overlooked.

But in any case, Dagger argued, the provincial government should not be called upon to provide local telephones any more than it should furnish water, trolleys, electricity or any other public utility "for the almost exclusive service of the dwellers in each locality." Nevertheless, Regina ought to oversee the construction of local systems that would connect with its long-distance network, and provide expert assistance to municipalities or private companies at every step of the way. For this would ensure consistency of construction, equipment and quality of service in accordance with government standards. If that were done, he concluded, "and the ownership of the long distance lines was vested in the government I believe the province would have a telephone service as nearly approaching the ideal as possible."

This at last brought Dagger to the issue of rural telephones, which he regarded as "of supreme importance to this province" after railways and good roads. Despite the fact that telecommunications were more essential to the homesteader than to urban-dwellers, and "really worth more to him in dollars and cents as a time saver," the development of rural service was badly retarded. The essential problem was that farmers living in sparsely settled areas could not afford the rates that a private company operating for profit would require. To be sure, some attempts had been made by a few districts to establish telephone service on the mutual or cooperative plan. But owing to the inability of every resident to provide his share of the start-up capital and the perennial difficulty of establishing a community of interests over a wide area, "the rural systems so far established have not been upon a scale sufficiently large to adequately serve the needs of the whole community or to enable those having a service to reap the full advantage which they would enjoy from a fully developed system."

Dagger's solution was that rural councils be empowered to build and operate telephone systems within their own municipality, but under government supervision to ensure efficient service and protection of subscribers against financial loss. Construction costs, he estimated, would not exceed $100 per pole-mile. And assuming an average of one farmer per mile at the start, an annual toll of $15 should be sufficient to cover operating expenses. To facilitate rural development, the government could provide free expert advice, furnish equipment, supplies and regular inspections at cost, and arrange for low-interest loans to finance construction, secured through the sale of provincial and municipal bonds guaranteed by Regina. The money raised would pay for materials only, "as the farmers themselves would provide most of the labour." Any company operating at a profit should be excluded, he added emphatically, from the benefits of this arrangement.

Dagger believed that by pursuing the cooperative method of rural construction, Saskatchewan farmers could establish a telephone system "on terms which should be within reach of almost every community desiring such communication." The plan promised, besides, an additional dividend close to his heart. It was on the issue of rural telephone service that the Bell monopoly was most vulnerable. In fact, he argued, the "marvellous success" of independent companies in competition with the telephone giant both in eastern Canada and the United States was due largely to the establishment of rural telephone service by rival concerns. Before the independent movement began in 1894, he carefully pointed out, a phone in a farmhouse was almost unheard of, because Bell refused to invest in unprofitable country markets. "Today, however, the 'Bell' companies are everywhere endeavouring to develop rural service at all points where they are threatened with competition."[25]

To gauge the public desire for rural telephones prior to his report, Dagger had sent a questionnaire to the secretary-treasurers of Local Improvement Districts (LIDs) across the province.[26] The response, he wrote, was overwhelmingly positive. Of 146 replies, 104 were favourable, 25 were unfavourable, and 17 expressed no opinion either way. In the LIDs of Filmore, Waldeck, Hamar, Estevan, Indian Head, Hazelwood, Stoughton and Neewin, for example, the sentiment for rural telephones was intense, "everyone wanting one." The general feeling was that service "cannot come too quick," not only because it would be a great convenience to farmers and their business, but also because many homesteads were far from towns and railways. Indeed, responded one unidentified LID:

> [*The*] *telephone* [*is*] *urgently necessary,* [*as we are*] *18 miles from* [*the*] *railroad. Farmers often haul grain to Milestone and have to store it until there is elevator room. Last winter many settlers went to town for coal and had to wait there several days, a delay which would not occur with telephone service.*

Hence the organization of two mutual companies in the area and their petitions to the Scott government early that year with regard to stringing wires to Milestone across the CPR's right-of-way.

Yet these endorsements were not as unqualified as Dagger led his readers to believe. Cost was a major concern for almost everyone. The LIDs of Davidson, Bunesville and Pheasant Forks, for example, agreed that telephone installation would represent "a large step forward," so long as it were not too expensive. The problem was that many areas were still too sparsely settled to make expenditure on rural telephones practicable, while others were short of money because of crop failures. The New Home LID stated its case even more bluntly. If there were to be investment, people "would prefer [a] railroad; [the] telephone [is] very nice but [it] won't haul wheat." A number of places wanted to postpone construction of rural lines until conditions were ripe, however much they wanted them. This widespread hesitation suggests that Francis Dagger massaged the results of his questionnaire to make it appear that popular enthusiasm for rural telephones was far more intense than it actually was. Perhaps the reply of the Hill Hall LID summarizes the general sentiment most accurately:

> *People of this district would be thankful to any government granting them improvements in any shape, whether telephones, telegraphs, railroads or any other roads that will improve communication.*

In other words, for the practically minded farmer, improved communications was the important point, not necessarily telecommunications. That was merely one means to a desired end.

Those LIDs (e.g., Vonda and Gully) that opposed telephones, on the other hand, also objected primarily on the basis of a scarcity of cash and a shortage of settlers. Other arguments included emphatic assertions that improved rail service and better roads were far higher on the list of priorities than a device regarded by many as an expensive luxury. The ethnic or national composition of a community also determined whether the local population leaned toward or away from rural telephones. In LIDs where a high percentage of the populace came originally from the United States or Great Britain (e.g., Yellow Grass, Hoodoo, Herbert), the consensus of opinion favoured rural lines. But in those LIDs where the community consisted primarily of poor, transplanted Doukhobors, Galicians, Russians, Hungarians and others from the relatively undeveloped countries of Eastern Europe (e.g., Devil's Lake, Insinger), farmers' telephones were rejected.[27]

If, however, the government still hesitated about the wisdom of proceeding immediately with rural construction in spite of his findings, Dagger recommended an experimental approach. Regina should select three or four sparsely settled districts and build a complete telephone service in each at a cost of about $25,000 per system. "One year's operation ... would demonstrate beyond doubt," he asserted, "the actual cost of providing the farmers in this province with telephone service." The experience also would furnish the government with a reliable basis on which to establish standard specifications and conditions for the development of an efficient telecommunications network at the lowest cost, either by rural municipalities, local companies or mutual (i.e., cooperative) associations. Any further development of service should be left, however, to the rural municipalities themselves, with financial and technological assistance from Regina.

The final section of Dagger's report concerned the purchase of existing telephone systems in the province and the implementation of a government telephone policy. As both Bell Canada and the Saskatchewan Telephone Company of Moose Jaw had signified a willingness to sell their respective plants, this matter had to be considered. Although the telephone expert urged the Scott government to confine its operations to long-distance service, if it decided to purchase these privately owned systems it would be expedient to acquire their exchanges, too. But, he added, the local municipalities should be given the option of taking these over at a fair market price to be determined by a committee of three men: one acting for the government; one acting for the company selling the property; and one (to be a qualified telephone engineer) acting as impartial judge in the transaction. As for Regina's choice of an executive official to oversee the implementation of its telephone policy once the legislation was in place, whatever other qualification he brought to the task, above all he had to be "a consistent, if not enthusiastic, believer in the principle of public ownership, otherwise he cannot be expected to accomplish the results anticipated by the people." "There is no question," Dagger warned in closing,

> *that public ownership has many opponents, the chief of which are incorporated companies operating public utilities for personal profit and it very naturally follows that these companies train their officials accordingly. Great care is therefore necessary at the inception of any government ownership to select the right class of men.*

Francis Dagger concluded his report to Premier Scott with an observation and a prediction:

> *I submit these thoughts for your consideration because I am strongly impressed with the responsibility of advising your government to embark upon a policy which upon this continent is at present an untried proposition and moreover one which will play a most important part in the future development of the province of Saskatchewan.*

TELEPHONE LEGISLATION IS PASSED

The Dagger Report was tabled in the Legislature on 3 April 1908, just one day after Lieutenant-Governor Amédée Forget opened the new session. The paper was anticipated eagerly by the members of the House, who had been informed in the Speech from the Throne the previous day that:

> *Your instructions to inquire into the question of the inauguration of a telephone system for the Province, owned and controlled by the people through their Government, have been complied with, and measures dealing with the subject will be submitted to you.*[28]

Following preliminary debate over other business, on 15 April the Provincial Treasurer, J.A. Calder, introduced three related bills: one to create a Department of Railways, Telegraphs and Telephones; one to enable Municipal Telephone Systems; and one to establish Rural Telephone service.[29]

Bill 18, respecting the formation of the new Department, gave the government wide discretionary powers to construct and operate telephones, both long-distance and local, anywhere in Saskatchewan. This included the acquisition of existing systems by purchase or lease, as well as the sale of all or any part of the provincial plant. The legislation also provided a general power of control over local exchanges and privately owned systems connected to the government's long-distance trunk line, with special reference to their organization, building standards, accounting practices, expenses, receipts, rates and services. All of this was to be regulated by Regina and reviewed on a yearly basis. The province also was to have authority over civic right-of-way, "without the consent of any municipal council," for the purpose of erecting poles and wires or burying cables. However, any urban thoroughfare, square, sidewalk or other surface broken up "shall be restored as far as possible to its former condition by and at the expense of the province." The government likewise was empowered to enter onto or acquire any lands necessary for telephone construction in return for reasonable compensation to the owners. Finally, the new department was to submit an annual report to the Legislative Assembly no later than ten days after the start of each session. This was to review the current condition of the whole telephone system, along with monies received and spent for construction, maintenance and operation.[30]

Bill 19, respecting Municipal Telephone service, granted both urban and rural municipalities authority to establish local systems within their own jurisdictions, according to government regulations and specifications. Until now, noted Walter Scott in a speech of 5 May, "there was not a single municipality in the province that had taken up this question, nor had the municipalities of Manitoba who had had the power for some time in any way utilized this authority."[31] Under the new bill, Saskatchewan municipalities also enjoyed the right to acquire any private company operating wholly or partly within their boundaries. Likewise, they could sell or lease any portion of the municipal system at any time. They were even empowered to extend their telephone service beyond municipal limits with Regina's consent. And like the government, municipal councils could enter upon or acquire any land for the purposes of telephone construction, provided the owner was compensated. Every bylaw, however, that provided for construction, acquisition or extension of the local system, or that concerned rates, rentals, tolls and other charges, had to be submitted first to the voters for assent. Finally, the legislation made it very clear that municipal telephones were to be self-supporting, and that their revenues "shall at all times be sufficient ... to cover the cost of maintenance, operation and other necessary expenses."[32]

The third bill (No. 20), respecting Rural Telephone construction, mandated the organization of small joint-stock companies by five or more persons, in order to build and operate farmers' systems "for their mutual benefit." But the number of shares owned by subscribers and their price were to be fixed by the government. Petitions for incorporation were to be submitted to Regina for approval, meanwhile, together with plans, drawings, specifications and estimates of cost, as well as a schedule of rates to be charged to individual subscribers. This was to ensure that rural systems met government standards, double-checked by regular inspections. New customers also were to be provided with service, on condition that the cost of connection did not exceed $50. The usual terms applied with regard to the acquisition of, and access to, any lands required for building purposes. In addition, the legislation empowered rural companies to link up with any "private, foreign or other telephone system," such as municipal exchanges and the government's long-distance network, to expand their range of service. Lastly, to encourage and assist the development and extension of rural telephones "throughout the province," the farmers' companies were to receive some provincial aid. This took the form chiefly of poles supplied free of charge and exemption from taxation.[33]

Not until a month later, however, were the new bills passed finally in the Legislature. The delay was due to strong opposition from the Provincial Rights Party and its leader, Frederick Haultain. Their chief points of contention were the government's policy on rural telephone development and the financial provisions of the three Acts, especially with regard to rural construction.

In looking back on the Liberal government's formation of a general telephone policy for Saskatchewan at this time, Dugold McNab (Deputy Minister of Telephones from 1913 to 1926) wrote in 1924 that it approached the issue "from an unusual angle":

> *Residents in the rural field were to have first consideration in whatever plan of development might be adopted. As scattered units upon whose production capacity all else in the Province depended, these were first to be taken care of, service in the clustered communities or trade centres being incident to rural extension. This meant a reversal of the usual order of development in which farm service had always been accorded second consideration.*[34]

James Calder agreed, recalling that prior to 1908, though telephone facilities were extended to many urban centres, there was only limited service to rural communities. Because complaints about this neglect had reached such a crescendo by 1907, the Scott government decided that drastic action of some sort had to be taken. In the end, the government resolved to create a telephone system for Saskatchewan that would be publicly owned and operated, just as Francis Dagger had recommended. But in drafting the first telephone legislation, Calder continued, "every care was taken to embody therein the basic principles that should be given the development of a system that would effectively provide service for all sections of the province."[35]

Of this legislation, that respecting rural telephones was "the important one since in it was embodied the intention to provide the means by which telephone service was to be projected through the wealth-creating communities so that time might be conserved, isolation impressions removed and general convenience served."[36] The vehicle used to achieve this segment of the government plan was the mutual or cooperative principle. In his book, *Building a Dream*, historian Brett Fairbairn describes businesses organized on this basis as companies "owned by those who use them, not by investors whose interest it is to make profit from them."[37] Consequently, the consumers' interest predominates, while surplus funds resulting from cooperative ventures are distributed in proportion to each shareholder's investment as refunds, not dividends. Also in this system, each member has one vote only, however many shares he owns, "since a cooperative is an organization of people, not an accumulation of sums of capital."[38]

From the turn of the twentieth century onward, observes Fairbairn, cooperation in Canada assumed a distinctly agricultural orientation. This was most pronounced in the West, where it became an early form of government-sponsored Socialism. This certainly was the view of William Martin, Scott's successor as premier in 1916. He defined the cooperative principle in political terms as "the policy of assisting the people to manage their own affairs and of trusting the people."[39] This practice, he noted, had "entered very largely into the life of the Province" and, one must add, Canada as a whole. For by 1908, "the curiously complicated problems going under the general and popular name of Socialism were so universally discussed," that the *Canadian Annual Review* acknowledged "that some reflex action" in the country was "inevitable." From general theories of collective ownership of all industry; redistribution of land; elimination of rent, interest and profit; production of wealth to satisfy the wants of all people; class struggle and so on, which were in circulation at the time, "have come most of the modern schools of Socialism from the mild form of municipal ownership of public utilities to the Karl Marx principle of all values being based upon physical labour."[40] An example of this trend, noted the review, was government control and operation of telephones in the prairie provinces.

The cooperative system was especially evident in Saskatchewan, where the underlying principle of the legislation proposed by the Liberals "was the building and operation of long-distance lines with rural telephones owned and controlled by the farmers themselves under necessary regulations."[41] The chief features of the rural telephone bill placed before the House were, consequently:

> *1) cooperation between government and people; 2) government supervision and inspection of construction of rural systems and operating practices; 3) organization, incorporation and registration of rural companies free of charge; 4) limitation of the number of shares to be held by any one subscriber; 5) limitation of capitalization of companies; 6) limitation of any dividends to be distributed; 7) prevention from exclusion from getting service of any occupant on farm land within reasonable distance of a system; 8) control of rates; 9) control of interchange business between companies; 10) assistance by way of grant of free poles; and 11) exemption of rural systems from taxation.*[42]

In short, what Walter Scott and his government envisaged was the integration of provincial, municipal and rural telephone systems into a broadly based telecommunications network, regulated by Regina, that could unite all Saskatchewan residents into a single community. But success depended upon two key features: government control of long-distance and steady development of rural lines.

On 15 April, the same day that the new telephone bills were introduced to the Legislature, the premier wrote to his old friend Clifford Sifton (1861–1929), Laurier's former Minister of the Interior from 1896 to 1905. "We are now committed to the policy of public ownership," Scott confessed, "as far at least as long distance lines are concerned."[43] Rural service, however, was another matter. Although he noted that "it is easy to frame a measure enabling Municipalities to enter the business" for the primary purpose promoting farm connections, experience across Canada had demonstrated that this did not work. Hence his dilemma..On the one hand, Scott wrote, "if the Government cannot hold out hope of telephone service to the farmers it had better keep clear of the matter entirely." But on the other hand, he concluded, "it would be simply suicidal for a Government to enter upon the work of furnishing service to the rural portions":

> *We have, however, been trying to work out a plan of encouragement to be of practical effect while still leaving enough responsibility on the country people themselves to keep the Government free from the danger of being swamped. We have weighed proposals to guarantee bonds, to make loans, to pay direct subsidies, etc., but have now pretty well concluded that the plan we will submit will be to give assistance to the extent of furnishing the rural companies with poles outright, the ownership of the same always to remain in the Government.*[44]

In his book, *Prairie Liberalism*, political scientist David Smith argues that the Scott ministry rejected government ownership of rural telephones in favour of a cooperative or mutual system, because it judged direct government control to be politically unwise. Not only would such a policy have opened Regina to criticism for the day-to-day operation of the service, but as a matter of practice the Liberals preferred community involvement. Hence, government ownership "was not avoided for any ideological reason, ... but for practical reasons it was promoted to meet the electorate's demands."[45]

This view dissolves under close scrutiny, however. On the basis of Walter Scott's own testimony, the reason to avoid government ownership and control of rural telephones was practical, to be sure. But it had little to do with politics or practice. Cost was the only consideration. Scott knew that the price of building and maintaining rural systems would be ruinous to the young province. Less government involvement, he believed, "meant lower financial risk ... and less political interference."[46] Otherwise, his government "was not averse to public ownership when private enterprise was not filling the need, or when the financial burden would not be too great."[47] This was confirmed during the subsequent debate on the three telephone bills. After announcing that Regina would construct 2,000 pole-miles of long-distance over the next few years, starting with 500 pole-miles that summer, the government also pledged to assist rural companies to the amount of $60,000.

Furthermore, the principle of cooperation was consistent not only with the Liberal party's philosophy and the recommendations of the Dagger Report, but also with the evidence brought before the Select Committee on Telephones back in 1905. A major purpose of the enquiry was "to see if some practical system cannot be adopted whereby the farming interests can be served efficiently and cheaply" by telephones.[48] Expert witnesses had testified that for any company to construct and operate rural lines would be prohibitively expensive owing to the sparsity of population in country districts. Lewis B. McFarlane, General Manager of Bell Canada, claimed that his corporation would need at least another $10 million of capital to supply this service. The only reason why Bell engaged in some rural construction at all, he confessed, was "to get business indirectly, which is always a good thing to do." Otherwise, local or farmers' telephones could be supplied more cheaply and efficiently by local people.[49] This was an astonishing admission by the chief executive of the Bell monopoly. Others concurred, however, that no individual company, let alone Ottawa, had sufficient resources to build a complete, integrated, national rural and long-distance telephone network. "The establishment of exchanges in the smaller towns and the building of lines by the farmers themselves would be the means of developing rural business," they contended, and with better results than could be secured "from any Gentleman residing in Boston or Chicago [or Montreal], who were simply interested in our dollars."[50]

In reviewing this testimony, *The Canadian Engineer* underscored two vital points. First, there were numerous farmers' systems in eastern Canada already. These were operated by small mutual associations with "most satisfactory results" and at a cost "which is a revelation" when compared to the service provided by the Bell monopoly. Second, these rural systems required connection to municipal exchanges and long-distance service, but could not obtain access to either "except on terms which are prohibitive."[51] Hence the need for government control of the trunk lines. The fact that these materials on rural telephones were extracted from the proceedings of the Select Committee and later deposited with the Saskatchewan Archives suggests that the Scott government considered this evidence very carefully in framing its new bills.

But the Opposition in the Legislature strongly criticized the Liberals' entire telephone program on precisely the point that provincial ownership was limited to long-distance and did not include farm systems, too.[52] Although Frederick Haultain had argued earlier in the session that the establishment of an elevator system was more important than the telephone question, he now objected that "there is no need of a long distance service for 75 or 80 per cent. of the rural population and no use for it unless there were other systems to join it up to." "The demand for telephones arose," he asserted,

> *not in the towns and villages which were already served, but ... from the farmers who wanted to get into communication with the towns and villages with which they dealt. That was the system of telephones that the House unanimously said they wanted the Government to undertake.*[53]

But the Scott government, Haultain charged, now departed from the principle of public provision of rural service that it had endorsed in 1907. As a result, farmers would be forced to depend upon the resources of private individuals or rural municipalities for telephones, which neither could afford. Furthermore, to argue as J.A. Calder had done, that rural mutual companies could provide service more economically than the province was to deny the reality of current business practice. Small enterprises were combining continually into large trusts, a trend that Francis Dagger had warned against in an early article for *The Canadian Engineer*. But Haultain viewed this development more favourably. For modern department stores, he contended, perfectly illustrated how large business operated more efficiently than a number of separate hardware, grocery and other stores under individual management.[54]

The Liberals rebutted that their telephone legislation was a practical measure to provide service to farmers who were willing to help themselves. This also meant that under the new bills, there would be no dispute between one section of the province and another as to which should be served first.[55] Farmers everywhere in Saskatchewan could build their systems at the same time. This was "an intriguing argument ... which suggests that if the rural telephone bill had nothing else to commend it, it would at least protect the Liberals from having to make politically unpopular decisions."[56] Besides, the party argued, its plan was based upon expert advice and the example of other jurisdictions.[57] As always, however, the bottom line was cost. To implement a government-operated rural telephone system as the Opposition demanded would cripple the provincial treasury.

The Liberals also refuted Haultain's contention that the proposed legislation contradicted the resolution passed by the House in 1907. There was no commitment to public development of a rural service, they asserted, or to public ownership of telephones in any form, for that matter. The point of the resolution had been only that an investigation should be made to assess the feasibility of such a scheme. This the government had done. But the fact is that both sides of the House were right. The 1907 measure had declared the Legislature's support for the abstract principle of government ownership of a telephone system for the entire province. Yet it also had authorized a thorough enquiry into the matter before taking any active steps toward inaugurating such a system. In any case, in defending the policy of leaving local telephones to local responsibility, J.A. Calder borrowed directly from the Dagger Report. Regina, he declared, "had no more right to provide a telephone service for a local community than to provide electric light or water."[58] The Opposition remained unconvinced.

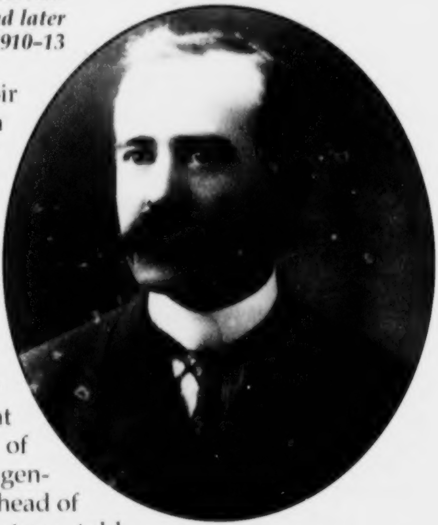
The new legislation finally passed in mid-May, though not before a number of amendments were attached to provide sufficient funding for telephone development. To raise money, the Provincial Treasurer was instructed to issue debentures from time to time, at fixed rates of interest and secured by the province. These bonds were to be made payable anywhere in Great Britain, Canada or the United States, "either in sterling money or Canadian currency."[59] Haultain also made a last-ditch effort on 18 May to obstruct the government's policy. He moved an expression of regret "that the principle of provincial ownership and operation of telephone lines has not been applied for the benefit of the rural portions of the Province where the greatest need for a Provincial system exists."[60] The motion was defeated, however, and the legislation approved.

At the last sitting of the session on 12 June, the three telephone Acts were granted royal assent by the Lieutenant-Governor. In his closing remarks, Forget praised the new program in the full confidence that

> *[t]he Legislation which [has been] adopted for constructing and operating Long Distance Telephone Lines by the Government, and for promoting the development of Rural Telephone Service under public control by aiding local Telephone Companies, is calculated to produce excellent results.*[61]

As for the actual work of organizing the new Department of Railways, Telegraphs and Telephones, and of finding a qualified staff to oversee its operations, that began the following month. But because "there was no departmental machinery of any kind in existence" on which to build, it had to be structured from the ground up.[62] Furthermore, wrote Walter Scott the previous April, "we certainly will need the very best [men] who can be secured to take hold of the business for us."[63] Their number was to be kept small, however, for economy's sake. "I cannot see how Manitoba can expect cheap service," the premier wondered, "with a system loaded as it is with a Minister, a Deputy, three high priced Commissioners and all the additional staff required."[64] That he considered to be both wasteful of talent and financially irresponsible.

In any case, on 16 June—four days after the department was inaugurated formally—J.A. Calder was named Commissioner (forerunner of Minister),[65] with James Sutherland as his Superintendent of Telephones. Their head office was located at 2039 Rae Street, until autumn 1910 when it moved to new rooms over the Regina Trading Company. Prior to 1905, this building had housed the government offices of the former Northwest Territories. Arguably the smartest man in the Scott ministry, and "everywhere touted as the brains of the administration,"[66] Calder brought considerable experience, talent, energy and financial expertise to his new position. He had served already in a variety of government capacities, including Provincial Treasurer. He also commanded a thorough geographic knowledge of Saskatchewan, acquired during years of travel from farm community to farm community while serving as Deputy Commissioner of Public Instruction in the old Northwest Territories. In fact, he retained the education portfolio along with his new responsibilities. Moreover, he was Walter Scott's right-hand man and deputy premier during the latter's frequent absences and illnesses. Calder also knew Frederick Haultain well, having articled in his law firm and served under him during Haultain's long tenure as premier of the former Territories. In view of Calder's many contributions to the early development of Saskatchewan and



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James A. Calder, Commissioner (and later Minister) of Telephones, 1908–09, 1910–13

his later career in Prime Minister Sir Robert Borden's National Union Government (1917–21), followed by his appointment to the Canadian Senate in 1921, it is shocking that this remarkable man has yet to find a biographer.

His colleague, James Sutherland, was just as qualified for his post as Superintendent. In fact, well before the Liberal government's telephone legislation was passed, he was brought to Scott's attention from a number of quarters. F.C. Paterson, formerly the general manager of Bell Canada and now head of Manitoba's provincial telephone system, told Clifford Sifton that Sutherland would be the ideal man "to take charge of ... Government Telephones in Saskatchewan." This "unqualified" endorsement was duly passed on to Walter Scott.[67] A.W. Fraser of the law firm Perkins, Frazer and Gibson in Ottawa, also wrote in Sutherland's favour "that his appointment will give entire satisfaction."[68] "I may say that I have already received a number of recommendations of Mr. Sutherland," replied the premier to both letters, "and I shall adopt your suggestion to make further enquiries with the purpose of obtaining complete information regarding him."[69]

What Scott discovered was that Sutherland was employed as Superintendent, first of Long-Distance and then of Traffic in the telephone service at Winnipeg, having learned his trade as a former employee of Bell Canada for 16 years. During that time he had "filled every position from the lowest rung to the top of the ladder, so far as practical work is concerned."[70] He was also a strong Liberal, a further note in his favour. In brief, Scott found Sutherland to be "a very likely looking fellow, with good address and so far as one could judge from a short talk, good capacity."[71] To assist him in his new role, Harry Willsmer was appointed as chief clerk. Together, these two men were described as "the most energetic and capable ... it was possible to obtain."[72]

More personnel were added over succeeding months. In July, Dugold McNab was appointed inspector of rural telephone companies as someone "particularly adapted to the important work of organization devolving upon him."[73] He was joined by William Warren as chief engineer and R.C.F. Chown as departmental draftsman. In August, R. Fuller and T.W. Turner were added to this modest staff as inspectors, while S.C. Hood was appointed as government storekeeper to oversee the purchase and dispersement of poles, wire, apparatus, etc., for construction of the provincial telephone system. Finally, C.F. Smith was hired in September to handle accounts, along with J. Woods to serve as line inspector.

In all, 11 highly qualified men were appointed or otherwise engaged to begin the slow work of "sifting information of a preliminary nature" and developing a telephone network for Saskatchewan. Although initially few in number in order to keep administrative costs low, it was acknowledged that more people would be added as required, in order "to cope with the expansion of the Department which is still in its early stages."[74]

SASKATCHEWAN TELEPHONES AND THE VOTE OF 1908

In spite of this activity, neither the government's telephone policy nor its new department were securely out of the political woods. A general election was called by Premier Scott for 14 August, just two-and-a-half years into his first mandate. Although railways "easily overshadowed telephones as the main theme in the Liberal campaign,"[75] the whole question of telephone development within the province, and specifically of the extent of government ownership, was thrown into the balance. As a key plank in the platforms of both the incumbent Liberals and their Provincial Rights opponents, its future depended on the results of the vote. The government's telephone program would move forward as planned, should Scott and his ministry be returned to office. Or it might be amended, perhaps even reversed, should Haultain and his party be elected instead. Meanwhile, work on telephones proceeded in the fledgling department, though it slowed temporarily as Calder was called upon to direct the Liberal organization during the new campaign.

In the electioneering that preceded the ballot, Scott and his party emphasized their government record to date and promised a continuation of the same progressive, responsible and economical administration if reelected. Among their other achievements, they drew particular attention to the telephone program recently approved by the Legislature as a keynote of their success. In fulfilment of that plan, the Liberals pledged in their campaign manifesto:

> *To immediately connect all the settled portions of the province by long distance lines under Government control and operation; to enable municipal ownership and operation of local exchanges; and to encourage development of rural service by public aid in the form of the necessary poles delivered at the nearest railway station; the whole to be supervised and, as to rates and service, controlled by a Department of the Government.*[76]

The Regina *Morning Leader*, a Liberal organ, thus hailed the recent telephone legislation as one example of the "business-like and progressive" policy of the premier and his caucus.[77] To preempt possible Opposition attacks on his policy, meanwhile, Scott explained the obstacles in the way of government construction of rural telephones and why, therefore, his administration was not going as far to aid farmers as Manitoba had gone.[78] The potential cost to the province (perhaps as much as $15 million) and the experience of other governments and large telephone organizations, gave ample proof that his program of assistance to rural mutual companies was the best method of providing service to farmers.[79]

At the same time, the Liberals published a number of pamphlets to reinforce their message. One was called *Railways! Roads! Telephones!*[80] But despite its dramatic title, telephones were not mentioned. It focused exclusively on the hot political issue of railway expansion. More to the point was a broadsheet issued just prior to the vote, *The Scott Government's Progressive Telephone Policy*. It reiterated the key components of the Liberals' program, such as public ownership of all long-distance lines; control of rates, charges and tolls under government regulation; assistance to farmers' companies, and so on. Also included was new information to illustrate that actual progress toward a complete provincial system had begun already under Liberal direction. It noted, for example, that the new department had ordered construction of 600 miles of long-distance, with more lines planned for the following year. A map showing the various routes and the towns to be connected accompanied the pamphlet.[81] Then just days before the vote, the government announced the purchase of 20,000 poles, insulators and wire, confirming its promise that the first long-distance construction would begin before the end of August.[82] The message was clear: owing to Grit leadership, Saskatchewan was bound to have the best telephone system in Canada, and continuous development was assured to achieve that goal.

In contrast to the Liberals' aggressive electioneering, the campaign waged by the Provincial Rights Party was curiously ineffectual, especially on the issue of telephones. Haultain again criticized the Liberals "for providing the luxury of long distance ... service while leaving farmers to construct and pay for their own lines." He argued, as usual, that rural systems should be considered ahead of town and city systems, and furthermore that the government ought to own and operate the entire telephone network at provincial expense.[83] Otherwise, the only other plank in his party's platform was a promise to instal a public phone in every post office.[84] For whatever reason, the other criticisms that the Opposition leader and his fellow candidates had levied against the Scott government's telephone bills during the debates in the Legislature the previous spring were not brought to bear on the current campaign. This weakened considerably their position on the issue, and doubtless cost them votes.

It is also possible, however, that by this time public ownership of rural telephones was a dead-letter item. This is suggested by the complacency of the Saskatchewan Grain Growers' Association to the Liberal government's scheme of mutual farm companies. Formerly one of the most outspoken proponents of provincial development of rural systems, the organization did not protest the provisions of the Rural Telephone Act, nor did it raise the issue at its conventions in 1909 and 1910. To be sure, the SGGA revisited the matter of public ownership vs. cooperative companies at its annual meeting in 1911, but the debate resulted in deadlock.[85] The matter then ceased to be an issue when the government amended the terms of the mutual program in the legislative session of 1912–13.[86]

On 14 August the elections were held. Scott and the Liberals were returned to office with a healthy majority. The Opposition did not fare so well. Frederick Haultain retained his seat, but a number of his colleagues did not. Years later, J.A. Calder attributed his party's success to the premier's ability, popularity, energy and "abundance of good sound common sense."[57] But political scientist David Smith is more universal in his assessment. Scott's role was only one factor in the electoral victory, he states. "The happy conjunction of able leadership, loyal lieutenants, and popular policies in the Liberal party was multiplied severalfold by the presence of weak and irresolute opponents."[58] But the essential ingredient was the Liberals' political organization, "a talent for which the party was to gain renown in later years."[59]

One should add, however, that it would have been nearly impossible for the Opposition to unseat the Scott administration in any case. As the first government of a brand-new province, and just two-and-a-half years into its initial mandate, the Liberal ministry benefitted from the fact that it had the responsibility to construct Saskatchewan and its institutions from the ground up, including a department of telephones. It was very easy, therefore, to present a record of achievement and continuous progress to an electorate that was similarly engaged in the process of forging a new community. For that reason alone, Walter Scott and his Liberal administration would have had to be incompetent, indeed, to have lost voter confidence in 1908 and with it the election.

CHAPTER FIVE

FIRST THINGS FIRST: ADMINISTRATION, ORGANIZATION AND INITIAL BUSINESS, 1908-1913

IN A DISCUSSION PAPER ENTITLED *Government Enterprise in Western Canada's Telecommunications*, commissioned by Ottawa in 1986, author Michael Denny reviewed the early telephone policies of Alberta, Manitoba and Saskatchewan respectively. Of several lessons to be learned from the experience of the prairie provinces, he wrote, three are prominent. First, publicly owned services such as telephones develop where the private sector may be unable to start or expand the industry on its own without government capital, or where the on-going operation of the industry by the private sector may be inadequate in terms of price, quality, service or some other variable. Second, as the Canadian West began to grow swiftly after 1905, new political, social and administrative structures in government were required to handle the surge. But "population settlements" remained relatively small and widely scattered. These were not the kind of markets "in which private enterprises, searching for profits, would expand telecommunications services rapidly." Third, neither Bell Canada nor any other private company, for that matter, had the resources to pursue these new telephone markets at any cost.[1] The responsibility thus fell upon the provinces to provide public utilities at public expense, going where private capital feared to tread.

Historically, the goals of government ownership of telephones, particularly in Saskatchewan, were to provide service to the whole population at a reasonable price, and to avoid the potential problems associated with private monopoly.[2] As the fledgling Department of Telephones declared in 1910 in its second *Annual Report*, its mission was "to establish and maintain an efficient service supported by adequate yet not excessive rates to facilitate the transaction of business within and between clusters of population."[3] In other words, the primary aim was "to stimulate commercial enterprise" in the youthful province—a curious statement coming from a government department founded, in part, upon a mildly socialist principle. Certainly, there was considerable concern both in Saskatchewan and its neighbours on either side that Bell Canada would not provide services to the sparsely populated prairies at fair prices. The telephone giant had made it repeatedly clear, after all, that its policy was to develop systems in larger urban centres. These offered far more favourable commercial prospects. Nor did Western Canadians relish the idea of having their telephones, or any other major service for that matter, controlled by private businesses headquartered in Toronto or Montreal. It was believed firmly instead that telephones, as a public utility just like water or electricity, should be placed under public ownership. The extent of that ownership, and whether it would be confined to long-distance lines or encompass the whole provincial system including farmers' telephones, was the only real issue of debate.

Thus, if allowance is made for local hostility toward monopoly, writes Dufferin Spafford, "the disposition of the telephone issue in Saskatchewan in 1908 [was] consistent with contemporary policy in respect of state ownership."[4] To be sure, in terms of political philosophy neither the Liberal nor Conservative parties at the national level sympathized with the program of public control implemented by their provincial counterparts. It simply did not fit within the framework of those principles to which they paid lip service, at least. Until well beyond World War I, noted V.C. Fowke, there was only one well-established collectivist economic principle in the national field in Canada. It "was that which sanctioned the use of public funds and public credit for developmental purposes." But, added Fowke, coupled with this philosophy "was the proviso that public ownership and management should be avoided at any cost."[5]

Conditions in the under-developed and sparsely inhabited West were very different, however, from those prevailing in central or eastern Canada. Philosophy was an unaffordable luxury. Practical solutions had to be found to practical problems of economic, social and political development over a vast, underpopulated territory on the brink of phenomenal growth. Certainly, private enterprise had failed to provide telephone service. But this was considered increasingly necessary by the rapidly expanding, though still scattered community. Government assistance to private initiative also was no answer. That eventually would have recreated the same monopoly position rejected by the general public.[6] The obvious solution for Saskatchewan was government ownership of long-distance lines, and provincial assistance to rural mutual companies to meet the demand for public development of farmers' telephones. Meanwhile, local exchange service was made the responsibility of local municipal councils.

If, however, the Scott government's resolution of the telephone issue was essentially pragmatic, "it was not because the Liberals themselves were," argues Spafford. Rather, "it is because they perceived that quality in their constituents."[7] This applies especially to the rural telephone policy, which was rooted in the twin tradition of community effort and cooperation. That double principle formed the bedrock of pioneering life on the broad Saskatchewan plains. As modern author Evelyn Eager recalls, the realities of prairie living early in the twentieth century made survival impossible in a totally independent way of life. Isolation required a high degree of self-reliance, to be sure. But isolation also increased the individual's dependence on the community for those services that guaranteed his survival over the long term. "These two strains of individualism and of co-operation," Eager writes,

> *which resulted from the nature and the necessities of pioneer beginnings contended in prairie life. The homesteader remained an individualist but he was not independent. Co-operative enterprises which arose from his dependence were not usually based on idealistic or theoretical premises. Co-operation was pragmatic. It developed in specific areas of private life to meet practical needs, and it was meant to serve individualistic purposes.*[8]

Cooperative ownership of rural telephones under government assistance and regulation, and provincial control of the long-distance system, represented important means to that end.

ADMINISTRATION AND PERSONNEL

Although the Scott government had created a new department to develop the provincial telephone system, and had hired some key staff to supervise its initial operations, little real attention was paid to the actual form of administration to be followed. The premier had rejected the establishment of the kind of independent commission employed by Manitoba. That, he believed, was both too cumbersome and too expensive for an agency still in its infancy. Instead, the department was to be headed by a commissioner (later minister), who was also a cabinet member. Nevertheless, the Telephone Act of 1908 had left the way open for the government to transfer the administration of the system "at any time" to just such a board. Appointed by the Lieutenant Governor in Council, it would be composed "of not more than three members to take over the construction, maintenance, operation and management of public telephone systems and may by order determine the duties, powers and authorities of any commission so appointed."[9] The provision, notes Spafford, remained in the statutes, unused until 1947,[10] when the new CCF government of Tommy Douglas reorganized the department into a public corporation.

Otherwise, the powers enjoyed by the commissioner of telephones were restricted heavily. He had "the administration management and control of the department and of the general business thereof," but only on day-to-day matters. This included limited authority to appoint "such officers, clerks and assistants as may from time to time be required," and to inquire into accounts, construction standards and so on.[11] Yet all of this was subject to cabinet approval.

This meant, in effect, that there was little opportunity under the Act for the commissioner to exercise any real initiative, except in routine matters. In that respect, the extent of his authority and the structure of his department were no different from other government agencies. Even the most important of his powers, "to construct, build, extend, alter, improve, maintain and operate such telephone and telegraph systems within the province as may be deemed advisable," were subject to close scrutiny by cabinet. Indeed, the Act clearly stipulated that "before the construction of any such system was proceeded with it shall be the duty of the commissioner to submit to the Lieutenant Governor in Council for approval of plans, specifications, drawings and estimates of the said proposed system."[12]

Once actual operations had begun, however, and the department commenced its initial building program, it became apparent almost immediately that the telephone utility could not be conducted on the usual departmental pattern. Of the initial $250,000 voted for telephone construction, $125,918 were earmarked for expenditure on the first long-distance trunk lines. Part of the remainder was intended for the purchase of poles, wire, crossarms, bolts and other general stores for the department's warehouse in Regina. A second part was reserved for salaries, travel expenses, advertising, printing costs and express charges for which no direct provision had been made in the original estimates of expenditure.[13] Within a year, however, it became clear that as the provincial system expanded and began to produce revenue, a method "of accounting suitable for use in telephone operation combined with the requirements of the Department and the Audit Office will have to be employed."[14]

Some means had to be found, in particular, to pay commissions to department agents on the local level, and to reimburse them promptly for messenger service, postage, telegrams and other expenses in connection with telephone maintenance and operations. Otherwise, the government could not hope to either retain these people or fill new vacancies. The solution was to create a separate account from which disbursements could be made quickly, upon the receipt and verification of invoices by the Audit Office.[15] Hence, in the first *Annual Report*, issued in 1909, Deputy Commissioner S.P. Porter applied for a contingency fund of $3,000 to by-pass certain treasury regulations, "owing to the entirely different nature of the telephone work to other departments."[16] The additional money was required, he wrote, to carry out the construction program successfully. This was the first of several important procedural changes undertaken during the department's initial decade.

Indeed, the "special administrative and financial requirements of the new enterprise," notes Spafford, "were recognized over the next few years." In a series of amendments to the Telephone Act of 1908, "the more onerous features of departmental administration" were eased.[17] For on thing, in 1909 the title "commissioner" was replaced by "minister," though the limits of his authority remained unchanged.[18] A small step, it nonetheless elevated the incumbent's prestige and emphasized the importance of his department. For another thing, in 1911 a revolving advance account—not to exceed $250,000—was created from which the department could purchase supplies. This new measure relaxed the customary rules that required a prior audit on expenditures before they could be made. This was matched by the establishment of a special "telephone reserve account," paid for by the general revenue fund from the receipts of the public telephone system, and renewable on a yearly basis. It was to be used by the minister "in paying the cost of reconstruction or of any extraordinary expenditures incurred in connection with the public telephone system by reason of storms, fire, lightning or any other unusual cause."[19] A few years later, the government further departed from past procedures in allowing the department to accumulate certain internal funds. Thus a "Telephone Replacement Account" was established. Its purpose was to meet the expense of renewing any portion of the public telephone system not provided for already by the reserve fund. This money also could be invested wholly or partly in Saskatchewan or other securities.[20]

In other words, the government slowly but surely began to establish the department on a semi-autonomous basis. The first meaningful step in this direction was taken in early 1912, when the telephone revenues were rendered a separate account. Provision also was made, meanwhile, to charge operating expenditures directly to telephone revenues.[21] As J.A. Calder explained, the separation of telephone revenues from the general fund placed departmental expenditures on a "purely business basis" and assured that there would be "no politics in the thing whatever."[22] These changes also adhered to the original spirit of the 1908 Telephone Act. That had envisaged a public telephone system which was self-supporting from its own revenues. It complied, as well, with subsequent legislation that called for the keeping of departmental accounts in conformity with commercial practice. In fact, in 1917 a commercial system of accounts was authorized explicitly by the Legislature.[23]

But the major step toward autonomy occurred in 1913, when the government divided the agency into two separate departments: one for Telephones, and the other for Railways and Telegraphs.[24] The Lieutenant-Governor-in-Council still determined "which of the duties, powers and acts shall be assigned and intrusted to the minister" of the reorganized telephone enterprise. It was not long, however, before the limits on the minister's authority relaxed to allow him a freer hand in department business. In 1919, he was given the power to "engage and dismiss all persons employed in connection with a public telephone system," and to "make regulations governing the terms and conditions of their employment."[25] This effectively removed the department's employees from the jurisdiction of the Civil Service Act and its rules.

But it appears that the Telephone Department had been acting independently of these regulations for several years already, to the strong disapproval of the Civil Service Commissioner. Writing in 1918 to protest the hiring of E.C. Kirk, a troublesome and "erratic man" fired from government service once before because he "was not a satisfactory clerk," the commissioner asked "as to whether appointments of this class are to be made in this Department through my nominations, the same as is made in other Departments, or whether the Telephone Department should be exempt." It was, he continued angrily,

> *the only [agency] that still persists in ignoring the provisions of the [Civil Service] Act and regulations regarding appointments, ... and it would seem that the only occasion on which I am advised of vacancies and asked to nominate candidates to fill them is when they cannot themselves find suitable candidates.*[26]

So the new arrangement that permitted the Minister of Telephones to engage personnel without reference to the existing Act merely formalized a practice that had been ongoing for some time.

By 1920, the telephone enterprise still conformed to the usual departmental mould in broad outline. Yet it had gained considerable independence and flexibility in its operations. In particular, it "had acquired two freedoms normally associated only with the modern public corporation: its current operations were independent of the general revenue fund, and it was relieved of civil service regulations in staffing."[27] The system of administration developed between 1908 and 1920, in which cabinet control was tempered by practical need, remained virtually unchanged until 1947. Only then were the operating functions of the department reorganized as a public corporation. Premier Tommy Douglas observed rather accurately at the time that the provincial telephone enterprise "had never been treated as a department except in name," and was "really a corporation masquerading as a department."[28]

Organizational and administrative matters represented only one facet of the new enterprise, however. It also required lower-level staff to function on a daily basis. Practically from the moment its doors opened for business, the Telephone Department was inundated with letters of application for positions ranging from engineers and line inspectors to stenographers, bookkeepers and custodians. This was true, of course, across the board. Newcomers to the West saw opportunities for government employment in a young province that was in genuine need of such personnel. Consequently, the Scott ministry was awash in job applications from would-be gameguardians (the forerunner of park wardens), teachers, gardeners, medical and psychiatric staff (for the new Battleford Asylum), provincial registrars (for collecting vital statistics), commissioners of licences, justices of the peace, process-servers, homestead inspectors, election officers, ferrymen, blacksmiths, railroad foremen—in short, every conceivable position.

The Department of Telephones received, perhaps, more than its fair share of applications due to its novelty and potential for growth. Consequently, what began as a steady stream in 1908 became a torrent by 1914, as the onset of global recession began to take effect just prior to the outbreak of the Great War. Many letters were written personally by the applicants. Almost as many were penned by third parties in another person's interest. Although surviving material is limited, these applications provide an interesting profile of the department's early hiring practices and of the applicants themselves. They also give insight into the unique nature of the early telephone industry.

During the first six decades of the twentieth century, writes Michael Denny, an operating telephone company—whether privately or publicly owned—was not a "high tech" firm. Telephone companies, indeed the whole industry from experimentation and implementation to construction, was dominated by practical engineers. Hence, applied ingenuity, "acquired on the job," was the most important qualification, since there were few if any university-trained engineers in the telephone companies of the Canadian West until the 1950s. These were line companies, after all, where experience counted for almost everything, and working up from the bottom rung to the top of the industrial ladder was not uncommon.[29]

This element was certainly evident in many of the applications received by the Department of Telephones. It was no less eager than private enterprises to secure experience personnel for its technical operations, so long as they were affordable. On 25 August 1908, for example, E. Marshall Young of Brandon, MB, wrote to Walter Scott to obtain a government position for his nephew, William Millen. A former employee of Bell Canada like so many others, Millen was "essentially a practical man having worked up to his present capacity of Dist.[rict] Mgr. from a workman in overalls." Given this experience, he had applied to both Winnipeg and Regina for work in their respective telephone departments. Described by Young as "capable" and "thoroughly in touch with telephone matters in Sask[atchewan]," Millen believed "himself justified in an endeavour to secure a responsible position with the Gov't of the Province."[30] Scott promised to look into the matter with Deputy Commissioner Porter and James Sutherland, the Superintendent of Telephones, adding that he "was very favourably impressed with Mr. Millen when I met him, and personally would like to have him in our telephone service."[31] Ultimately, though, his application was refused on the basis that Millen was overqualified. He "would be a fairly high priced man," apologized the Saskatchewan premier, "and the class of work he would have to attend to to justify the salary which he would expect has already been provided for the time being."[32]

Scott's response was consistent with his general position on government expenditure. Whether designing a rural telephone policy or hiring staff for the new department, cost was the bottom line. At this point in time, the province simply could not afford high-priced talent like Millen, however much the premier coveted his skills or wished to attract such people.

Joseph Jelminski had better luck, on the other hand, due largely to personal experience hitched to affordability. He had applied for the modest position of bookkeeper, and was hired by the telephone department on 1 February 1910 at a monthly salary of $50. Such lower-level openings existed, he was told, for a young man with his knowledge. Moreover, given the comparative newness of the department, "the chances for promotion should be fairly good."[33] Jelminski gladly took the post and his appointment was confirmed soon after.[34]

From such evidence, it appears that most applications were accorded careful, even sympathetic consideration before a final decision was made. R.W. Grant, a former businessman from Davidson, wrote imploringly that although he had "a fair knowledge of book-keeping and figures," he "would be pleased to get anything to do even manual work for the time being as I can not [*sic*] afford to be idle."[35] Whether he was offered a position is unknown. H.C. Brittain of Moose Jaw similarly wrote to enquire about job prospects for his nephew commensurate with the young man's experience. Employed by Bell Canada for nine years and currently superintendent of its Toronto-Port Hope district, he was "very anxious to come to the west."[36] Brittain was told that although there were no positions at present, there likely would be openings that summer, so his nephew should send a formal resumé to the Telephone Department.[37]

The same encouragement was given to "Charlie" D. Fisher of Melville, SK, and Robert Beith of Ottawa. Fisher contemplated resigning his job with the GTP due to personnel changes, but wanted to investigate employment opportunities with the provincial government first.[38] Walter Scott thought it possible "to work out something" to his advantage, and for that reason promised to speak to J.A. Calder, "who is head of our Telephone Department."[39] Like H.C. Brittain, Robert Beith also wrote to the premier about job opportunities for his nephew in the same agency. This time, Scott replied a little hesitantly, saying that there were "already a number of experts attached to the Department." But, he added, "as the system grows, I have no doubt an additional number will have to be employed." On that vague assurance, the premier promised to speak to Sidney Porter about a position for Beith's relative.[40]

Sometimes promotion, not employment, was the purpose of these applications. In early January 1912, for example, J.A. Calder was contacted by D.W. McIvor, a well-meaning if unlettered resident of Saltcoats, on behalf of the local telephone operator. His letter, wrote McIvar, was

> *just a reminder of what I was asking you to do. when I last seen you here. as you have so much to do I thought you mit forget what we were talking about. now Mr. Calder. it was in regards Miss [Jessie] Marjoribanks in the exchange office (or telephone) this girl is working for $20.00 per month. and she is the only one in the famly. and her father is keeping in poor health. so that you understand why I asked you to try and get this girl advanced in the Telephone office. I am not asking you to do this to do the other girl any harm but I am satisfied that Miss Marjoribanks can atend to the office here just as well as the other girl and I am again satisfied that she could be satisfactory to the public. trusting you will geive this matter your kind atention. and wishing you and Yours A Happy New Year.*[11]

Such a heartfelt appeal, obviously so difficult for McIvor to write, could not be ignored.

Making no promises, Calder agreed to look into the matter.[12] He asked his acting Deputy Minister, D.C. McNab, to make enquiries as to whether Miss Marjoribanks was, in fact, capable of handling the exchange. "In case she is, the young lady now in charge might be transferred to some other point provided a suitable place could be found for her." After all, noted Calder, "she is a stranger there and consequently I would not think it would make much difference to her."[13] The outcome was a happy one for everyone concerned. In early February, McNab notified the minister that Superintended Sutherland "has looked into the situation and finds that he can place Miss Marjoribanks in [charge of] the local office [at Saltcoats]. Arrangements are being made to that end."[14] With her promotion came an annual salary of $521.25, which represented a raise of $255.23 over what she had been earning as an operator in 1912. In 1913, she earned an additional $31.30 as a local inspector or agent for the Telephone Department. It thus appears that D.W. McIvar's compassionate interest in the young woman and her abilities had not been misplaced.

Not every applicant was so fortunate, however. Sometimes rejection was due to an honest matter of no vacancies, and sometimes to simple ill-timing. In June 1913, G.P. McGregor of Winnipeg applied for the post of Government Solicitor for Rural Telephones. But as Walter Scott informed him, there was no such position in the Saskatchewan department. It had never been the policy, wrote the premier, "to solicit contracts from the farmers in connection with the rural systems." The fact was, he observed with a hint both of pride and surprise at the success of his ministry's telephone policy,

> *that the expansion of our rural business for years past in the natural course of events and without any solicitation has been so great as to keep the Department pressed all the time to keep pace with it and to keep the Provincial Treasurer all the time almost at his wits' end to find the money required for the constant extensions of the system.*[15]

In brief, there was no need for a Solicitor for Rural Telephones.

Hardly a year later, the outbreak of World War I halted any plans the department might have had to increase its staff over the short term as both H. Arthur Campbell and J.H. McConnell discovered to their disappointment. "I greatly regret," wrote the Saskatchewan premier,

> *that owing to the general situation created for us by the outbreak of war it becomes entirely out of the question for us to think of adding to our staff in any Department. We have concluded to make no reductions in the permanent staff or in the matter of salaries but at the same time it has been found necessary to adopt a strict rule to govern every Department to effect that no additions could be made as long as the present acute situation continued.*"[illegible]

Even that policy soon changed. Owing to a reduction in general construction programs caused by the European conflict, Scott admitted that over the next few years "we will probably be obliged to make reductions in staffs instead of taking on more help."[illegible]

Then there is the unique case of A.W. Gibson, which illustrates just how carefully the Telephone Department screened some potential employees. In March 1912 and again in February 1913, the 40-year-old, unmarried Gibson applied unsuccessfully for the position of Inspector of Service. An experienced man, he had worked for the Bell Corporation from 1899 to 1908 in various capacities, starting as "groundman in a construction gang." According to his resumé, he rose to become successively a climber, foreman, instrument and line inspector, canvasser and district inspector. As manager of Bell's local operations at St. John's, QC (1902-04), he had been sent at company expense to Troy and Albany, NY, where "enlarged opportunities for the interchange of Traffic might be observed." This was followed by his promotion to general manager of Bell's District No. 2, at Sherbrooke, QC. But he had resigned in 1908 to take a job with the Alberta government as Inspector of Telephone Service. Hardly a year later, he had left that position, too, for a new one with the Manitoba system as chief clerk to W.F. Vittie, Superintendent of Traffic. But Gibson soon quit (he wrote) when Vittie was unable to pay him a monthly salary of $125, or supply other perquisites "which I deemed essential to my future success." Subsequently, in summer 1911 Gibson had hired on with the Bell Plant Department to improve his knowledge of certain technical aspects of line construction, and remained for five more months after that training as sub-foreman. Resigning, however, "for purely personal relations," he had returned to the Alberta telephone service in June 1913.[illegible]

Under normal circumstances, a man of Gibson's knowledge and expertise would have been an asset to Saskatchewan's Telephone Department. He probably would have been hired as Inspector of Service as requested. By that time, the provincial system was growing rapidly and earning revenue. So the matter of cost, which had been the chief factor in rejecting William Millen's application four years before, was no longer an issue. But there was a problem, which Gibson himself admitted at the end of his first letter of application. "I have Not used Stimulants in any form for over 18 months," he wrote, using capitals to emphasize his claim, "and am, therefore, strictly temperate."[illegible] In short, he was a recovering alcoholic. Granting him the benefit of any doubt in this matter, Gibson was told to submit a summary of his qualifications with "full particulars as to the kind of telephone work he has been accustomed to." Only then would J.A. Calder consider a formal application.[50] Clearly, the department was interested in a man of Gibson's experience, but sceptical of his new sobriety. So it wanted to double-check his reliability before making any offers.

Ultimately, D.C. McNab, who was entrusted with the task, reported that "this man Gibson so far as I can learn, has the drinking habit which perhaps accounts for his changing around from place to place."[51] The question of appointing him to a post in the Telephone Department having been considered fairly and carefully, therefore, his application was refused in view of his "reputation as a hard drinker while in the West."[52] But in his letter to Gibson, Superintendent Sutherland wrote only that there were no vacancies, doubtless to spare him embarrassment. Not satisfied with this gentle rebuff, Gibson wrote directly to Calder for the real explanation. He had guessed correctly that Sutherland's statement "about 'having no vacancies on his staff,' ... is, as you are probably aware, an easy and polite way of shelving an application."[53] But the minister was unsympathetic to this appeal, and at the top of the letter wrote in pencil: "Personally, this man applied for a position and was courteously told there was no vacancy. Intemperate." There the matter ended.

What this example illustrates is the attention with which the Department of Telephones reviewed applications for employment. Gibson's resumé was not rejected out of hand, despite his history of alcoholism. It received due consideration on the basis of the man's personal and professional merits. Finally, it was refused after repeated appeals over the course of almost a year, when it seemed clear that Gibson could not be trusted to stay off the bottle long enough to do the work.

Yet cost, timing, individual merit and the availability of positions were not the only criteria that determined departmental hirings. Political patronage also exercised an influence in provincial appointments, with both government and applicant eagerly playing the partisan card whenever possible. According to David Smith, the accepted manner of making even minor appointments under the Scott ministry "was to solicit suggestions from MLAs or defeated Liberal candidates who, in turn, usually had loyal supporters in each community of the constituency from whom information could be secured." There was no question, continues Smith, that "excluding the very few non-partisan boards, patronage appointment was the rule for filling government jobs," and hence constituted a distinctive part of political life in the province.[54] It was Saskatchewan's version of the "spoils system" still employed across the country, especially in Ottawa. Moreover, with its monopoly of power from 1905 to 1929 the Liberal Party "used public offices and funds not only as rewards to supporters but also as a basis to build its party organization."[55] It was thus no accident that J.A. Calder—Minister of Telephones, chief Liberal Party organizer and Deputy Premier—was the major conduit of government patronage until 1916 when he joined the Dominion government. As for those who benefitted from the system, they were expected, when the time arose, to work for the party on demand.[56] Patronage, in other words, permeated almost every facet of government during the Liberal regime in Saskatchewan.

In fact, so excessively was it used that the Opposition loudly condemned the so-called "Scott machine" or "Scott-Calder machine" during the election campaign of 1912.[57] Indeed, the spoils system extended even down to utterly insignificant government jobs, as a letter in the provincial archives clearly attests. Writing to Sidney Porter, his deputy minister and a Liberal organizer as well, Calder said to watch the political loyalties of a gardener in government employ, because the man was "not as solid as he should be."[58]

That patronage also exercised at least some influence over appointment-making in the Telephone Department under Calder's direction is evident from the applications themselves. In recommending James Sutherland for the post of Superintendent, for example, A.W. Fraser emphasized not only that he was "one of our strong Liberal friends," but that he also came from a family of "very strong supporters of the Party." "I thought you would not take it amiss," Fraser winked knowingly, "if I dropped you a line on his behalf."[59] In writing to Walter Scott for his nephew William Millen, E. Marshall Young stressed in addition to the man's telephone expertise his Liberal affiliations and strong support of the premier.[60] It is perhaps equally significant that Young was Scott's own nephew, adding the element of nepotism to political partisanship. That this double-barreled advantage ultimately failed attests to the premier's basic honesty regardless of family and party connections. He turned down Millen's services as too expensive for the province to support. On another occasion, Scott went so far as to scold a troublesome telephone agent who had attempted to invoke just such links, writing that "when any official or quasi-official begins to boast of family connections who will procure him different treatment than others get, the quicker his connection with the government is severed the better for the Government!" The agent would be treated just like everyone else.[61]

More fortunate was Robert Beith, whose appeal for a post in the Department of Telephones in 1909, also for a relative, was accorded an even warmer reception. Scott's hopeful reply that a position might open in the near future was due less, perhaps, to the young man's qualifications than to the fact that Beith was a Liberal senator in Ottawa. Although his nephew was not hired automatically, as Beith doubtless hoped, the premier's response hinted that the young man's application would receive greater attention than others when the time came, because of his Liberal ties. Even the unfortunate A.W. Gibson attempted to use partisan influence to obtain a job with the Telephone Department. After the rejection of his first application, he enlisted George P. Graham, the Liberal MP for Brockville, ON, to champion his cause. In the end, however, his drinking problem far outweighed political patronage in the decision to refuse him a job.

By the same token, that J.A. Calder was so sympathetic to the plight of Jessie Marjoribanks in 1912 was due at least as much to the fact that her home town, Saltcoats, was a key Liberal bastion during an important election year, as it was to any feelings of compassion. This fact was underlined by a letter received two months later from Mr. McKissick, President of the local Liberal Association. He expressed anxiety about difficulties over the rural telephone line running north of town. "I would suggest," wrote Calder to his deputy McNab, "that you instruct our man who is working at that point to assist in every possible way in keeping these lines in order." He then added significantly, "you will understand the necessity of this at present" – a clear allusion to the forthcoming provincial vote.[62]

The close relationship between telephone construction and the electoral fortunes of the Liberal government is evident in the correspondence between the department and C.E. Boake of Saltcoats,[63] A. Becker of Lagenburg,[64] Vern Gordon of Churchbridge,[65] and Andrew Holmes of Prince Albert.[66] A similar concern doubtless prompted J.A. Calder's swift response to appeals from R.J. Phin of Moosomin, with regard to hastening construction of long-distance telephone connections to the Manitoba system via Kipling. This extension had been promised for two years without result. Having just recently secured the Liberal nomination for Pipestone, Phin was acutely sensitive to the local political climate in an election year. He noted that immediate construction of the long-distance line to the Manitoba boundary "will very materially affect the situation" in his constituency. The local people, he observed, "want comparatively little for roads and bridges in this end and otherwise the situation looks better than I could even expect." So if the long-distance issue could be resolved quickly, "there is every prospect that we can redeem Pipestone."[67] To underscore the potential danger to Liberal electoral fortunes should government inaction continue, Phin telegraphed that the "people in this end of Pipestone have been loyal to the Liberal cause and certainly deserve consideration."[68] Confidentially, Calder confessed that the earliest date at which construction could begin on the desired line would be that autumn.[69] Officially, however, he made a vague pledge to begin building "sometime this year." He then excused the lack of progress thus far on the high-sounding principle that work on the government's long-distance system had to be distributed as fairly as possible "to all people of the Province."[70]

ARRANGING FOR BUSINESS

While the new department sorted out its organization, established administrative patterns and added staff to handle its daily operations, it still had to contend with the primary task of building a telephone system for the province. Thus the first order of business in summer 1908 was to prepare specifications for both the materials required for the construction of long-distance and rural lines, and the initial long-distance routes to be undertaken that year.[71] Securing sufficient supplies of cedar poles and the means to transport them were, therefore, the items foremost on the department's agenda. Related to this were negotiations with the various railway companies over such issues as right-of-way, freight rates and annual passes for department inspectors.

If the Telephone Department was knee-deep in applications for employment, it received almost as many from businesses eager to supply quantities of poles and other matériel. For this reason, in autumn 1908 Walter Scott was contacted by Robert Jardine of New Westminster, BC, and D.C. McFee of the Inter-Ocean Investment Company. After congratulating the premier on his victory in the recent provincial elections, Jardine turned to the real substance of his letter. He noted:

> *I see that you are taking over the Telephone system … I enclose a list of Cedar poles which can be bought for 6½¢ loaded on [railway] cars. If you want any let me know as these can be shipped on short notice.*[72]

But Jardine was informed by S.P. Porter that the department already had sufficient quantities to begin construction. He was assured, however, that he would be given the opportunity to bid for a government contract the next time tenders were requested.[73] Although not a supplier himself, D.C. McFee asked if the Saskatchewan government was in the market for poles, and whether it advertised for tenders or dealt directly with individual wholesalers. He was inquiring for a friend (he wrote) who dealt extensively in this line of business.[74]

Dealers in the cedar poles normally used for telephone construction were not the only ones to contact the department, however. Learning that it had advertised for a fresh supply of 45,000 poles, Dr. W.H. Roughsedge of Ottawa, informed Walter Scott that his firm, Roughsedge & Ramsay, had just invented one of reinforced concrete. It was hollow, round and could be made with or without a base. Cross arms also could be affixed easily. In addition the pole was fire resistant, no heavier than solid wooden poles and just as cheap. Best of all, it "will last forever" in contrast to cedar poles, which, though more durable than any other wood, had to be replaced every five to ten years, according to the nature of the soil in which they were planted.[75]

That the Scott ministry took interest in any innovation that could reduce the costs of telephone construction and maintenance was clear from J.A. Calder's visit to France the year before. The telephone minister had gone specifically to examine both the hollow concrete and riveted sheet-iron poles used in that country. In fact, he was so impressed by what he saw that he urged Regina to contact the French government for the costs and specifications of such poles.[76] But, as Scott had decided already against "the advisability of making any change from the pole now being used,"[77] he turned down Dr. Roughsedge's offer.

Naturally, in such a competitive market prospective suppliers exploited every advantage at their disposal to obtain government contracts. Chief among these was the ever-present "spoils system" to which many turned in an effort to cash in on their Liberal connections. One example is John M. Chisholm of Winnipeg, a wholesaler in lumber and cedar products. Knowing that the province was in the market for 40,000–50,000 new telephone poles, Chisholm wrote in 1908 that he could furnish 10,000–20,000 of them promptly. All he required were the desired lengths, sizes and numbers before shipping them via the CNR.[78] Hearing nothing back from the premier, however, Chisholm asked Clifford Sifton to intercede on his behalf:

> *As you are pretty close to Mr. Scott and practically made him what he is to-day, [I] would like [it] if you would write and ask him to consider my tender for a part, at least, of the Government's requirements… I do not like to bother you, but I think it is right we should help each other in these matters.*[79]

Sifton promptly took up Chisholm's cause, as usual playing the partisan card. "Mr. Chisholm," he wrote to Scott, "is a good friend of our Party, … If you can properly assist him it would be well."[80] John Wesley Dafoe, journalist, editor of the Winnipeg *Free Press* (1909–44) and Liberal party faithful, also intervened on Chisholm's behalf. Obviously, though quite separate from dispensing government jobs, the awarding of contracts and the handling of

CAN
1155 SOUTHERN INDIANA 1155
Unloading Poles for 1st Rural Phone in Estevan District

Photo courtesy the Saskatchewan Archives Board
Unloading poles for first rural phone in Estevan district

government business was regarded as an equal part of the patronage system.[81]

Nor was Chisholm the only one to invoke it. After placing a bid "to furnish good poles on short notice if [the] price is satisfactory," A.T. Davis, a lumber wholesaler from Mirror Lake, BC, likewise added a personal note to Scott. "You will doubtless remember me," he wrote, "as an old resident and party worker of Arcola, Sask."[82] Davis evidently believed that his former Liberal ties would smooth the path to a lucrative arrangement with Regina. But whether any of these partisan appeals had the desired effect on the premier is unknown, owing to a lack of evidence. At least in Chisholm's case, Scott acknowledged receipt of the several appeals on his behalf. Yet he promised only to keep the Winnipeg dealer in mind for future pole purchases.[83]

Perhaps the most salient feature of the department's initial business transactions, however, was the Scott government's early adoption of a "Saskatchewan First" policy for the purchase of telephone-related materials. That became a "Canada First" policy for more specialized equipment unavailable in the province. Yet even then, some items could be obtained only in the United States.[84] This was quite unlike other government-owned telephone enterprises across the Dominion, which, from the beginning, were free to purchase equipment from any industry supplier, regardless of its nationality.[85]

Consequently, the first tenders for telephone poles in 1908 were awarded to M. Robson of Regina, W.C. Elliott of Carnduff and the Pioneer Lumber Company of Moose Jaw. On the other hand, coils of copper wire had to be bought from the Wire and Cable Company of Montreal, as there was no distributor in the West. The government similarly had to look outside the province to obtain quantities of crossbars for pole construction. Even then there were problems. Though a contract was awarded first to T. Burrows Ross of Winnipeg, he failed to deliver despite a month's extension of his agreement. This forced the government to replace the order with the Doty Lumber Company of Washington State. A second deal was struck with the Northern Electric Company, another Winnipeg firm, to supply crossbars in the meantime. This ensured that work on the long-distance lines continued undelayed.[86]

That the Scott government favoured provincial firms, or at least Canadian businesses in cases where the necessary materials were unavailable in Saskatchewan, was widely known by potential suppliers. In early 1910, for example, A.R. Davidson of Davidson & McRae, general agents for the CNR, wrote to support a request by the Fraser River Lumber Company of BC to supply cross arms. The company, he emphasized, had "the largest capacity of any cross-arms manufacturing concern in Canada." Moreover, it was better positioned to fill an order promptly "and with better material than any concern manufacturing cross-arms in the West."[87] Apparently, there was a close working relationship between Fraser River Lumber and the CNR which, Davidson observed, "would appreciate the company's having the contract."

The preferential treatment of local firms in particular, and Western firms in general, was intended to stimulate Saskatchewan business and such industries as forestry in the northern part of the province. Nor was Regina disappointed in the results. The steady demand for telephone poles and railway ties, added to the market that already existed for housing, barns and granaries, "gave great impetus to the logging and lumber industry" in the Big River area northwest of Prince Albert, and near the Battlefords.[88] Yet this policy antagonized some retailers and would-be suppliers on both sides of the Canadian-American border who were excluded from the competition. One of these was L. Hill of the Page & Hill Company, headquartered in Spokane, WA. Writing in late June 1908 to Francis Dagger, he complained:

> *I still have the feeling that the low bidder on the poles will not come to the mark and that if the Government comes to that conclusion and really desires to make substantial showing in building lines this Fall, the one who is on the ground ready to sign the agreement and commence immediate shipment will have a fair chance to fall heir to the contract.*[89]

Hill recognized that to secure the many thousands of cedar poles required for the construction of long-distance and rural telephone lines, "the Government desired very strongly to give the order to a Canadian." But, he emphasized in the strongest terms, "*I can assure you most positively that those poles are not in existence on Canadian soil* and that although stock may be put in so as to furnish a like quantity *next* year it is necessary to call upon the States for this lot or the greater portion of it." Hill hoped that Dagger's connections would "have considerable bearing" in securing a government contract for the poles.[90]

Dagger duly passed Hill's letter on to J.A. Calder. But he stated only that the retailer's estimates of existing stocks of "seasoned winter-cut poles" had been corroborated by the Lindelay Brothers of Spokane, as well as by two other American firms: the National Pole Company and the Itasca Cedar Company. He advised, however, that in view of the volatile state of the pole business, Regina should ascertain on its own accord, not at second hand, that potential suppliers already possessed sufficient stocks before agreements were signed. "It would, I think, be a serious matter for the Government," he concluded, "if after placing the contracts, the contractors fell down." The forfeiture of the usual bond paid up front by the supplier to guard against such an event "would not be adequate compensation for loss and trouble caused thereby."[91]

It was exactly this issue that led at least one Canadian firm to protest. Eager to secure Saskatchewan business for his lumber company, but frustrated by what he viewed as irregularities in Regina's method of awarding contracts, H.P. Cooper complained to Walter Scott. In February 1909 he had bid on tenders to supply telephone poles, but the contracts were awarded to another. Even so, he had stayed in touch with the department on the understanding that he would "get a show on the first requirements." But, Cooper grumbled, it appeared that the government's most recent order "has been hawked around [Winnipeg] to various dealers as it seems shipments have not been made with any regularity" by the initial contractors. The Cooper Timber Company, he declared, could supply Saskatchewan with 100,000 poles immediately. Moreover, it could begin shipment on the very day that the order was placed, "and as fast as the government's inspectors can inspect." Then for tactical good measure, Cooper added that the Manitoba Liberals were organizing an important meeting in the capital, obviously hoping to benefit from political connections.[92]

In reply, Scott denied that current contracts were in arrears or that shipments were in any way irregular. On the contrary, he asserted, the department was "receiving poles quite as fast as they can handle them; also..., speaking generally, the contractors for our pole supplies have been giving very good satisfaction." "Such being the state of affairs," the premier concluded, "we have no ground for going beyond the existing contracts."[93]

Securing sufficient supplies of poles, crossbars, copper wire and other equipment was only one part of the telephone equation, however. Shipping these materials from place to place across the province was another part. This meant negotiating separate agreements with the railway companies as required, but especially with the CNR. Until 1909, when the government acquired the Bell plant in Saskatchewan and its exclusive access to CPR routes, the CNR handled almost all of the department's shipping needs. Nor did it willingly share any of the business with its rivals after that date. S.P. Porter became aware of this fact in June 1909, when an order of copper wire from Montreal was sent to Saskatchewan aboard CPR cars. Writing immediately in protest, George Stephen, the CNR's General Freight Agent at Winnipeg, "requested" that the Telephone Department instruct its shippers to "favour" his company with any further consignments. "Our service from Port Arthur to Regina," he boasted, "is fully equal, if not superior to that of the competing line."[94] Thus rebuked, Porter acquiesced, writing that the next shipment of wire would be sent via the CNR.[95] In 1913 the railway complained again, though this time there was no apology. It was told only that the department would give the company due consideration "when opportunity offers to make any suggestion respecting the routing of our year's supplies."[96]

But this is only one example of departmental transactions with the railway companies. The pertinent files preserved in the Saskatchewan Archives Board are full of correspondence between the senior staff of the Telephone

Department, the CNR and its competitors. This material covers a wide range of topics from transportation to various legal issues that affected telephone construction, but which fell under railway jurisdiction. Moreover, agreements were reached on a piecemeal, even *ad hoc* basis, as the department and the railways negotiated individual contracts day-by-day.

Perhaps the most critical item was the always contentious matter of right-of-way. Even before introducing its telephone bills to the Legislature in spring 1908, the Scott government had investigated possibilities of building the initial portions of its long-distance system on railway land next to the tracks, or of sharing telegraph poles owned and operated by the CNR and CPR. Expense, as always, was the chief consideration here. By using these well-established routes—recommended by both Francis Dagger and, later, James Sutherland—the government could slash construction and maintenance costs. Now that the legislation had passed and the new department had begun operations, the issue of right-of-way became both prominent and complex.

Just how complex is illustrated by Scott's initial contacts with the CNR over the government's proposed long-distance trunk line from Regina to Prince Albert. For obvious reasons, this was a priority. Telephone service between these centres and all intermediate points would begin the process of uniting the province under a single communications network, to which municipal and rural systems easily could connect. Writing therefore to the CNR's Toronto agents, the premier asked permission to erect poles along the company's rail line from Regina to Prince Albert. Included in Scott's letter was a series of related questions about building specifications, placement of poles, freight charges for and delivery of equipment at pre-selected points, maintenance of finished lines, transportation for telephone crews, and use of the long-distance system by CNR officials on the proposed trunk line. Subsequent letters asked for consent to attach cross arms to CNR bridges where needed,[97] build new crossings where necessary, and standardize existing crossings in accordance with railway specifications as to pole-length and wire-distance above the tracks.[98] Above all, Scott needed to know whether the company would charge rent for government use of its right-of-way.[99]

At first, the premier's request was misunderstood. The CNR's senior staff at Winnipeg thought that he wanted to string wires on the company's telegraph poles between the two points, rather than construct a separate, government-owned telephone system on railway land on the opposite side of the tracks. Consequently, his request was denied.[100] S.P. Porter hastened to dispel the confusion, however, at the same time pointing out the utility to the railroad of having telephone access on the CNR's right-of-way in the event of obstructions or other troubles along the route.[101]

Although an agreement was reached between the department and the CNR, as indicated by references made in the *Annual Reports* for 1909 and 1910, the original contract seems not to have survived. Doubtless, however, its terms were similar to those later concluded with the CPR. According to these the Saskatchewan government paid rent for use of the company's right-of-way in return for permission to erect telephone poles.[102] Yet the agreement with the CNR did not encompass the whole route. Instead, individual sections were treated individually, according to local circumstances. This is indicated by a series of letters sent in 1909 to M.H. McLeod, the company's general manager, to obtain permission to extend the pole lead along the railway's right-of-way between Duck Lake and Prince Albert. Because physical conditions on that portion of the Regina-Prince Albert route made construction difficult, the department wanted to string telephone wires on the telegraph poles already in place. Curiously, however, the telegraph system along this section of the rail line was owned by the CPR, not the CNR. So McLeod could not give the necessary consent.[103]

There were still two other items that required the railway company's permission. One was authorization for the department to stack new deliveries of poles not only on CNR land in Regina, but also at appointed places on the railroad's right-of-way beside the tracks. This was to facilitate telephone construction.[104] The other was the distribution of annual rail passes to the department's senior staff, whose official duties required frequent travel throughout Saskatchewan to supervise work on the growing telephone system. These passes were invaluable, for they reduced travel costs and provided government personnel with ready access to speedy transportation at the same time.[105]

In almost every instance discussed above, agreements between the Department of Telephones and the CNR were concluded with a minimum of difficulty. Furthermore, the good relations that developed steadily between them proved useful in future years. Yet not all of their transactions were amicable. On occasion, tensions arose, as a letter of 1910 from M.H. McLeod to Sidney Porter attests. At issue was the number of "guys" (steel wires used to hold individual poles upright) erected along the tracks. As too many of these cables hampered railway operations at certain sections of the system, McLeod warned sternly that unless this matter was resolved to the CNR's satisfaction, not just the guys but the telephone lines themselves would be torn down.[106] His message was clear, if belligerent: the railway intended to exercise full control of its right-of-way, even if it meant taking extreme measures to do so.

But such friction was exceptional. Most of the correspondence between the CNR and the Telephone Department dealt with routine business matters, such as the freighting and delivery of poles and other equipment, in minute detail. Some letters requested the freight rates for shipments of telephone supplies brought in from out-of-province, or transferred to different stations within Saskatchewan.[107] For tariffs differed significantly, depending upon the mileage involved, the number of flat cars required (for which the department also paid rent above the freight charges),[108] and whether cargoes had to be routed on CNR wheels over rails belonging to its competitors. A rate hike also was cause for concern. Indeed, one contractor hired by the department to build long-distance line cried foul when the CNR raised the minimum carload weight on poles from 30,000 pounds to 35,000 pounds. Fifty percent of the available rolling stock, he claimed, could not carry the prescribed maximum weight. This meant suspending pole shipments until the CNR had enough 40-foot-long flat cars to handle the additional tonnage.[109] With construction delayed as a result, his contract was threatened. As it was, rolling stock was in short supply and had to be reserved in advance.[110]

Then there were the occasional discrepancies over deliveries, which amounted generally to missing cargo. Late in 1908 Sidney Porter contacted the CNR's Traffic Manager at Winnipeg to claim a refund on a total payment of $107.25. Of 125 poles shipped from Wyndall, BC, to Aylesbury, SK, four were missing. Hence, Porter wanted a reimbursement of $1.35 for each pole, and a further $4.34 for shipping charges calculated on a weight of 1,400 pounds at 31¢ per pound.[111] Such minor discrepancies were not uncommon, nor were they difficult to remedy, as the sums in question rarely surpassed $10.[112] The same was true whenever shipments were over-billed according to the CNR's own table of rates. In 1910, for example, James Sutherland notified the CNR agent at Aberdeen, SK, of an $8 over-charge, asking only that the receipt be corrected and returned without delay.[113]

There were, however, more serious cases involving misdirected shipments and gross discrepancies in freight charges based on weight. In one instance Sidney Porter complained about the billing (at 22¢ per 100 pounds) for a consignment of poles mistakenly shipped from Rooseveldt to Dingley siding, instead of to Regina as directed. The CNR agreed to transfer the cargo to its proper destination, but wanted a further 6¢ per 100 pounds to do so. Porter not only refused to pay for the company's error, but dismissed the additional rate as excessive.[114] D.C. McNab likewise clashed with the railway over a missing shipment of poles, for which there was no "reasonable evidence" that the department had received delivery.[115]

In addition to these cases, there were occasions on which the department was over-charged due to serious miscalculations of cargo weight. In 1909, for example, Porter called attention to a load of 110 telephone poles that had been billed by the CNR at 60,000 pounds. "This is certainly an excessive weight," he noted dryly, "as the car could not possibly have the minimum 30,000 pounds with such a quantity of poles."[116] James Sutherland faced a similar problem later that year, when a bill of lading that called for 30,000 pounds was calculated at 50,000 pounds instead.[117] It was obvious in such cases that charges were based on the gross weight of each car, without deducting the cargo fare from the total.[118] Nothing, however, could explain the department's overbilling on individual consignments by as much as seven tons. This happened on at least two occasion in 1910.[119]

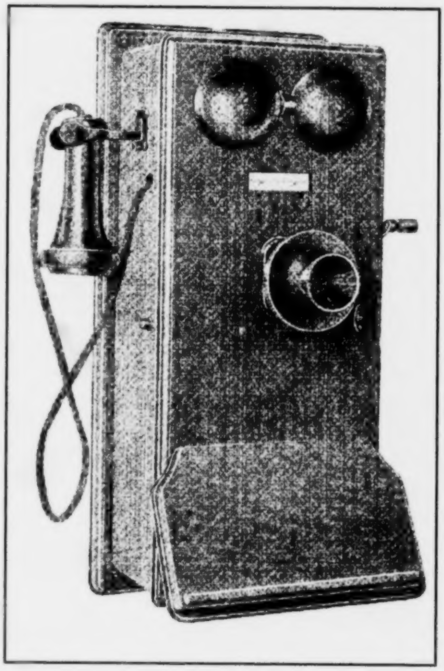
In order to impose better control over these bookkeeping matters, Porter insisted that all freight bills and accounts be submitted to him in duplicate before payment was made. He also instructed the CNR and its local agents to accept his name as authority for clearing department goods, and to charge accounts directly to the government.[120] From such practices as these, notes David Smith, the Liberals under Walter Scott acquired a reputation for honest government—"a combination of personal probity and exceptional ability on the part of the men who formed the ministry."[121] To the modern reader, this obsession with what often seem to be trivial matters of a few dollars and cents, quite apart from the major discrepancies in departmental accounts, may seem ridiculous. But these small sums were no less important to the premier and his ministers than the larger amounts. As Scott once remarked: "A scandal involving $7.62 is a more dangerous one from the point of view of the ordinary voter than a scandal involving millions."[122]

TECHNOLOGICAL ADVANCEMENTS

While the new department was developing its basic administrative and organizational structures, it prepared to enter into an industry that already had experienced rapid, even volatile technological change. Moreover, new innovations continued to appear almost on a daily basis. Nothing was at a standstill in this highly competitive enterprise. No sooner did one improvement appear than others followed swiftly. Indeed, ever since the telephone's invention in 1876, innumerable advances had been made not only in the design of the instruments themselves, but also in the auxiliary equipment brought into service for the transmission and switching of telephone messages. Consequently, in comparison with the sophisticated devices in use by 1908, whatever their limitations by modern standards, the original "liquid" transmitter—through which Alexander Bell had spoken the first sentence ever conveyed electronically 32 years before—was the technological equivalent of two tin cans connected by a length of common kitchen string. This is not meant to belittle Bell's ingenuity or underrate the enormity of his achievement. The point is one of perspective; for during the intervening decades, the telephone had undergone a swift series of transformations produced by some of the greatest engineering minds of the period. Historically speaking, in fact, much of the improvement in telephones and telephone systems "can be characterized by the steady stream of cost effective improvements in the reliability of equipment and transmission that eliminated [some] troubles and the ensuing labour and other costs."[123]

The first instruments issued for commercial use in Canada were the wooden box and wooden hand telephones similar to those leased to Prime Minister Alexander Mackenzie in 1877. Weak and awkward to use, these devices and their subsequent models were only capable of transmitting and receiving conversations over relatively short distances from station to station. The difficulty lay, in part, with the early telephone transmitters. The sound they produced was feeble even over short distances, and often garbled. Their poor performance prompted a number of inventors to seek improvements. Most successful was Thomas Edison, who devised a carbon transmitter that relayed the human voice with far greater strength and clarity than before. In fact, his solution was sufficiently simple in concept, effective and cost-efficient, that it became the basis for standard transmitter design through the 1970s.

This innovation was followed by the invention in 1882 of the first magneto telephone, for which Alexander Bell had held the patent since 1877.[124] Encased in oak and designed for wall mounting, this was the earliest device to see common use. It was the first of the "side-winder" models, so-called because of the placement of the bell-crank on the edge of the set. Consisting of a ringer, hand receiver, switch-hook and transmitter, these handsome wall units are among the most familiar early telephones to people today, and can be found readily in antique stores or on display at historic sites. The instrument derived its technical name from the "magneto," a simple AC (alternating current) magnetic generator with which each set was equipped. The bell-crank—connected to the magneto—was turned when calling out. This method limited the distance over which calls could be sent, however, due to the weakness of the electrical current produced by the cranking action that was needed to create the signal at the other end of the line. There was a further inconvenience if the subscriber



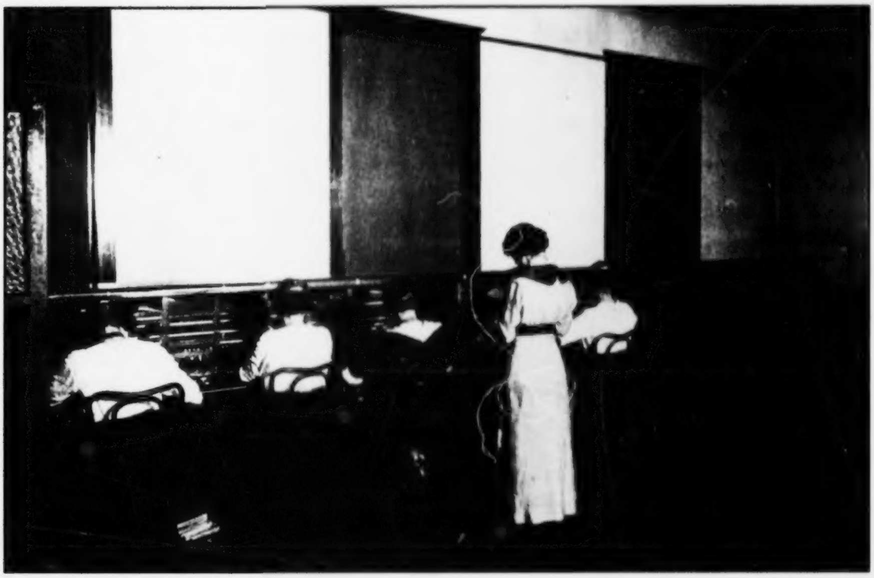
SaskTel Archives, *Telephones and Supplies*, 1926

Magneto wall-mounted telephone

were connected to an exchange. Not only did he have to "ring-up" the central office, using the bell-crank, but he also had to "ring off" to end the conversation. Because the latter operation often was forgotten, the result was long and unnecessary tie-ups of equipment.[125]

At the same time, a small local, or primary battery also installed in each of these telephones energized the device and produced the requisite microphone current for speaking. These smaller power cells were a constant source of expense and trouble, however. They were bulky and had an uncertain life expectancy. Moreover, as they weakened, they caused many telephones to stop working altogether. Worse still, replacing failed batteries was both costly and slow, as it required special service trips. This was the chief source of complaint by many early subscribers, who grumbled frequently that their sets were either too archaic or not serviced frequently enough by the telephone company. There was the added disadvantage that, although generally reliable, the size of the magneto generator prevented the use of more compact, movable sets of the desk-top variety.[126] In any case, telephones such as these were introduced to Regina when Bell Canada opened Saskatchewan's first exchange at the Territorial capital in 1887.

It was in the central office machine switching that arguably the most dramatic improvements were made. From the earliest days of the telephone it was observed that it was more practical to connect different instruments by running wires from each set to a central switching point, or telephone exchange, than it was by running individual wires from one set to another, like so many clothes lines. Besides, subscribers wanted to be able to talk with potentially every other subscriber in the system, which required a connection between them. That link was provided by the central exchange office, which directly or indirectly connects—via switches—a caller to a second party. In the earliest manual systems, observes consultant Michael Denny, operators physically made the connection, a procedure that often required two individuals "shouting instructions to one another in a crowded and noisy office." The exchanges were linked to each other, in turn, by long-distance trunk lines that permitted the local system to connect callers with subscribers belonging to another central office. But where the local loop is "a dedicated connection between the local subscriber and his Central Office in a single



Sask Tel Archives Z1(a)-05427-12-2
Early telephone exchange, Moose Jaw

party system," the multiparty (or "party-line") loop is shared. In the latter case, the density of subscribers served by an exchange determines how many miles of wire or cable have to be installed to service the central office. "The high [unit] cost of low density or rural systems is associated with this construction cost."[127]

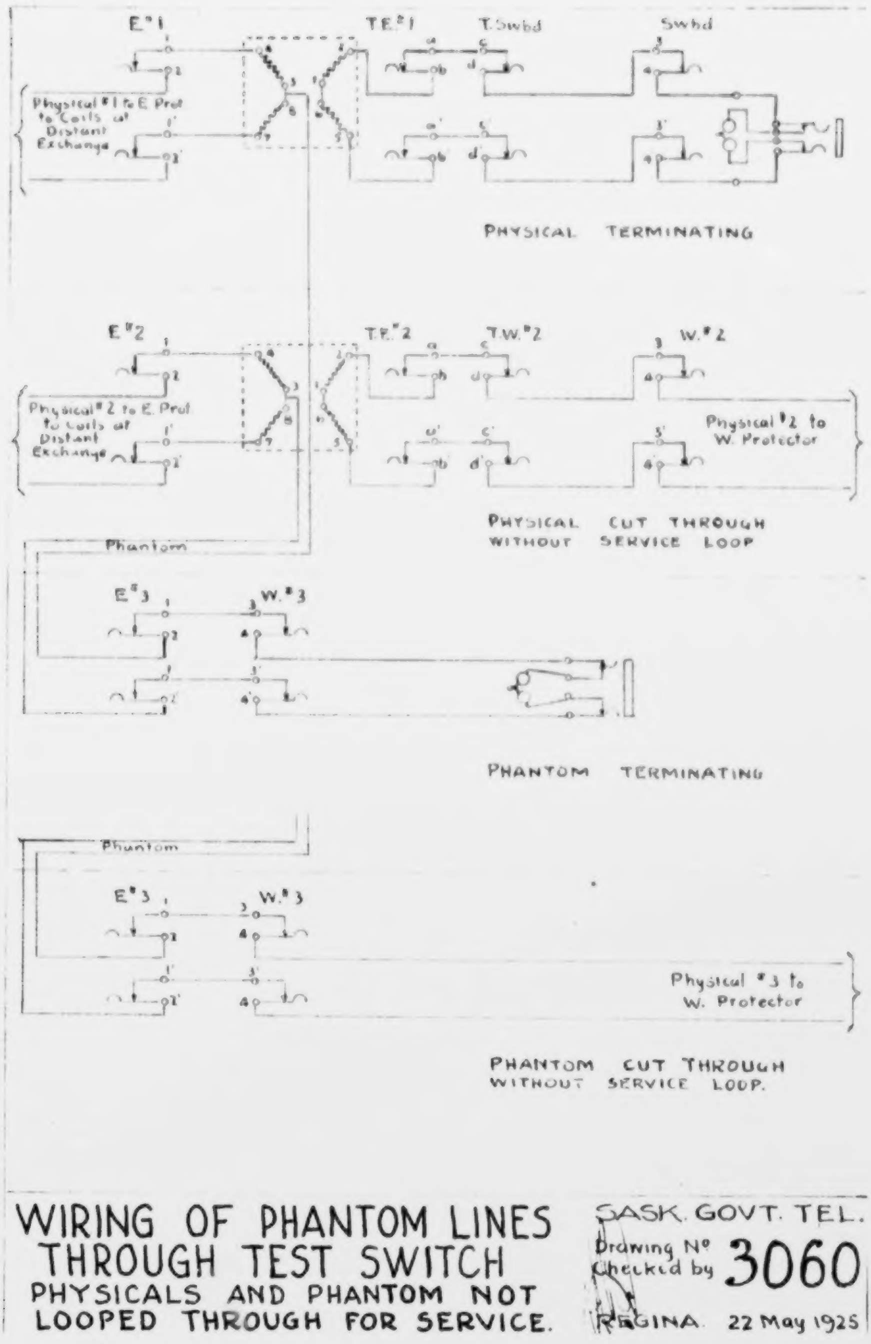
Originally, steel or galvanized iron wire (even barbed wire in many rural areas) was used for the transmission of speech in the early telephones. Although cheap and strong, neither material was very suitable. Both were plagued with problems resulting from corrosion and rust, such as loose and noisy connections. They were troubled, as well, by high attenuation rates, defined as a reduction in power level due to line resistance, leakages of current and external interference. This resulted in the received signal being lower in volume than the original transmitted signal. Consequently, the transmission of telephone currents decayed over relatively short distances to the point that they were no long viable. Until a way could be found to repeat or amplify these feeble signals, the only solution to extending telephony for the time being was reducing attenuation.[128]

The initial solution was copper. It was known to be the best conductor of electricity and to have lasting qualities far better than those of iron or steel. The problem was, however, that no one produced copper wire in a form suitable for line use.[129] What existed lacked the tensile strength necessary to string it over an adequate span. That problem was solved in 1877 by the development of hard-drawn copper wire thin enough to provide the best conductivity for longer distance telephone currents, yet strong enough for suspension from pole to pole. In 1885, after conducting a series of tests, the Bell Company brought the new copper wire into general use both in Canada and the United States.[130]

"Since then," noted contemporary writer Herbert Casson in 1910, "there has been little trouble with copper wire, except its price." Four times as costly as iron, the use of copper "seemed to be ruinously great," especially on long lines that had to be as thick, at first, as a lead pencil.[131] One means used to overcome this tremendous expenditure was the development of the "phantom circuit," which enabled two pairs of wires to produce three speech paths—"a feat made possible by the whimsical disposition of electricity." On any two-wire circuit, coils could be installed at either end to induce a third voice circuit between them without the need for additional wire.[132] Most money was saved, however, by "persuading thin wires to work as efficiently as thick ones," through the manufacture of superior transmitters and improved methods of wire insulation. Also, by placing "loading" coils at intervals on the lines, the transmission quality through the wires was bettered. This increased the range over which it was possible to talk and reduced the cost of copper-wire construction.[133]

The full-wire or "metallic circuit" was invented at the same time. Until the mid-1880s, a single-wire, grounded return circuit was used for both local and long-distance calls. Although this saved on construction costs and offered a lower resistance path than a wire,[134] such a circuit picked up unwanted or "induced" currents from other electrical circuits nearby. Small interfering signals were annoying enough, but the high frequencies employed in telephone technology easily rendered that interference intolerable.[135] Adding to the problem was the scientific fact that the earth is essentially one big magnet. As a result, the grounded connection "caused all manner of strange and uncouth noises on the [early] telephone wires," including clicks from telegraph lines and scraps of conversation from other telephones (or "crosstalk").[136] To remedy that difficulty, telephone engineers soon learned to pull up the ends of each wire from the earth, and join them by a second wire. The new metallic circuit effectively reduced the interference from external sources. Then, to limit the lingering effects of crosstalk, engineers discovered how to create a balance between circuits by transposing or twisting each pair of wires in relation to every other pair of wires on the pole lead.[137]

All of these innovations compelled, in turn, the rebuilding of existing switchboards—the "crowning glory" of telephone systems, according to Herbert Casson—and the invention of new signal systems to handle the increasing business.[138] Described as "a pyramid of inventions," the switchboard is the heart of the telephone exchange system, and changes in this elaborate device were both rapid and radical over time.[139] The earliest switchboards in Canada were operated by hand and consisted of "drops" (small shutters or indicators), "busbars" (the main power lead between batteries and the switching equipment), a number of short flexible circuits (called "cords"), and solid "plugs" (or terminals on the ends of the cords) designed to provide good electrical contact with the sockets (or "jacks") for which they are mated. The "wonder board" of the day was the "series multiple switchboard"—a large manually operated mechanism composed of duplicate boards, each of which contained terminations for every customer in the exchange. This meant


E.#1
T.E.#1
T.Swbd
Swbd
Physical #1 to E. Prot to Coils at Distant Exchange
PHYSICAL TERMINATING
E.#2
T.E.#2
T.W.#2
W.#2
Physical #2 to E. Prot to Coils at Distant Exchange
Physical #2 to W. Protector
PHYSICAL CUT THROUGH WITHOUT SERVICE LOOP
Phantom
E.#3
W.#3
PHANTOM TERMINATING
Phantom
E.#3
W.#3
Physical #3 to W. Protector
PHANTOM CUT THROUGH WITHOUT SERVICE LOOP.
WIRING OF PHANTOM LINES
THROUGH TEST SWITCH
PHYSICALS AND PHANTOM NOT
LOOPED THROUGH FOR SERVICE.
SASK. GOVT. TEL.
Drawing No 3060
Checked by
REGINA. 22 May 1925

SaskTel Archives

The phantom circuit

that a connection between any two subscribers could be made at any board, because the individual operator had access to all lines. This multiple mechanism still used drops that had to be restored by hand, though to improve efficiency and expand capacity, these were soon made self-restoring.[110]

The first switchboard in the Northwest Territories was installed by Bell Canada in Peter Lamont's Regina bookstore on 26 October 1887. Manufactured by E.T. Gilliland of Indianapolis, it was one of the early manual boards, though considered state of the art in its day. Since electric power was not introduced to Regina until 1890, the switchboard—which served twenty customers—operated by batteries. To alert the operator (in this case Emily Lander), the subscriber turned the bell-crank attached to the side of his magneto telephone. Lander listened for a quiet "click-click" sound when one of the shutters (sometimes also called "door-gadgets"), inscribed with the customer's number, dropped lightly in front of her. Then plugging her set into the line, she answered, "Hello, Central." At this point, the subscriber asked to speak to a third party by name. (With so few telephones in use at Regina during these early days, numbers were superfluous.) To complete the call, Emily Lander connected the two lines, which caused the desired party's set to ring.[111]

One disadvantage of this system was the old problem that a person could hang-up the receiver in mid-conversation without being disconnected, only to resume talking a few minutes later. Hence the need to "ring-off" to end the connection. The operator also had to interrupt a conversation sometimes to ensure that the subscriber had the correct party on the line. In addition, each operator controlled only a certain range of numbers, from 1 to 100 or 101 to 200, for example. This often required them to make connections between the numbers handled by one operator and those of another, a complicated procedure that required the body movements of a contortionist and added considerably to the work at the telephone central.

All of these difficulties were resolved, however, with the installation at Regina of a "central energy," or common battery system in February 1908, on the second storey of Bell Canada' new exchange building. This occurred, coincidentally, just as the Scott government's telephone bills were being introduced in the Saskatchewan Legislature. Unlike the old magneto technology, the new system used a power source at the central office to energize the wires both for signaling and for transmitting messages. This consisted of a large battery located in the basement of the building. To the average subscriber, the best features of the new technology were the abolition of the bell-crank, which (trumpeted the *Morning Leader*), "disappears into the limbo of the out of date,"[112] and the abolition of the local battery. On the central energy switchboard, tiny lamps of opaque glass with the circumference of an ordinary lead pencil and reminiscent "of a wall eye," replaced the drops used hitherto. When the subscriber lifted his receiver, one of these lamps immediately lit up to signal the operator that a customer at a particular number wanted to make a call. As soon as the connection was made, the lamp went out. It lit up again when the receiver was replaced, at which time the operator disconnected the line and the lamp was extinguished once more. This solved the problem of intermittent conversations, since subscribers were disconnected as soon as they hung-up. The operator also no longer had to interrupt calls to ensure that the correct connection had been made. She merely checked the lamp. On the other hand, if a customer needed to attract the operator's attention, he "flashed" her by slowly lifting the hook up and down five or six times. That action caused the lamp to flicker.[143]

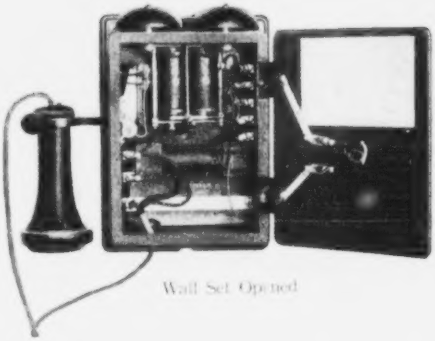
Three additional features of the common battery switchboard greatly simplified the work of the operators. First, scattered here and there across the board were coloured lamps, called "dead heads," which indicated subscribers whose annual payment for telephone services was in arrears. "Should one of these desire to ring-up Indian Head," explained the *Morning Leader*, "the operator at once knows by the colour of his lamp that his financial standing is not of the best and he is therefore informed that before he can use the line that he must plank down his money." Second, the switchboard was equipped with a "calculograph" that timed the length of long-distance calls, which the operator then used to calculate the charges. This left her free to concentrate on other business. Third, the switchboard installed at Regina gave its two operators full command over all numbers that they might be called upon to connect. Thanks to the central energy system, each operator could make several connections at the same time on the section of the board that she controlled. Thanks also to its compact design, the frame and cabinet of the mechanism were arranged so that as the number of subscribers increased, and extensions to the board were required above the number the operators could handle, necessary multiple jacks could be installed without having to dismantle the original system.[144] As it was, the new board had a capacity for 4,800 telephones, though it currently served only 750.

Because central energy also meant no more batteries in home sets, these could now be a slender candlestick desk model or a small wall box. At Regina, however, the telephones still employed were of the magneto variety and had to be adapted for the new system. Adding condensers made it possible for these out-moded types to be used with the more powerful electric current required by the up-dated technology. Furthermore, announced the *Morning Leader*, "steps will at once be taken by the telephone company to remove the present bell cranks so as to prevent subscribers from force of habit 'ringing-up' when they require a connection." "Until the cranks are removed," the newspaper warned, "subscribers would do well to bear in mind that turning the crank after the 'central energy' system once starts will lead to troublesome dislocations at the other end of the line."

In reflecting on the many benefits of the new common battery switchboard, the *Morning Leader* proclaimed that when operations finally began, the Saskatchewan capital "will ... be served by as up to date a telephone system as is to be found in the Dominion."[145] But that boast came a year too late. The real honour fell to Saskatoon where, at a cost of $25,000, the first automatic or dial service in the country was brought into service by the local Northwestern Telephone Company in 1907, after a number of delays caused by fire damage to the main cables and winter cold that hampered the work out of doors.[146]

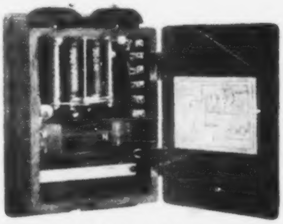
Described by an early telephone historian as "the greatest and most radical step of all" in the development of Canadian telephony,[147] the automatic "machine switching" system largely displaced the manual operator. It was, in

Wall Set



Wall Set Opened

Desk Stand



Desk Stand Box

Hand Set

SaskTel Archives, ***TheElements of Telephony***

Early common battery telephones

the words of the *Daily Phenix*, a "waitless, cussless, out-of-orderless, girless telephone." Hailed as "perhaps the most thoroughly modern system in Canada," it was also a "ceaseless 'phone" because it operated day and night, even after the central office staff had gone home for the evening, weekend or holidays, leaving the telephone building "locked up without man or maid in charge." For "the subscriber is his own operator and can call just when he pleases." The new dial technology further enabled customers to ring up any number in a third of the time it used to take under the old manual system, and also ensured privacy during conversations. No longer would the operator have to interrupt calls to verify that the correct connection had been made.[148] This was an answer to the subscribers' prayers, for an editorial published just one year before complained that it "is time Saskatoon had a telephone service that was good until midnight, dependable on Sundays and holidays." The newspaper added with characteristic western fear of big eastern-based monopolies, that the local concern "by an unsatisfactory service are making an opening for the Bell company."[149]

Although conceived as early as 1879, the first fully automatic switch to enjoy commercial success appeared in the United States twenty years later. In 1896, the rotary dial also was invented, which made it possible for subscribers to contact each other directly, simply by dialing the appropriate number. Because of the different nature of the telephone current used for long-distance, it was still necessary for trunk calls to be connected to the desired exchange by a switchboard operator, in the same way as had been done hitherto for local calls under the old magneto system. The new technology quickly attracted the attention of Canadian experts, including Francis Dagger, who wrote in 1903 of a novel stage in the history of the telephone

> *where the manual or "hello girl" system is about to give place to the automatically machine operated exchanges, which will enable each subscriber to be his own operator, controlling his line while in use, ensuring his complete secrecy, and rendering his conversations free from interruption.*[150]

The *Daily Phenix* was no less enthusiastic about this innovative technology and keen to instruct people in its use. "The operation of the 'phone is simple," the newspaper explained:

> *First of all, the receiver must be removed from the hook. To call, say No. 138, insert a finger in the hole in the dial opposite the first numeral* [there were ten], *swing the dial to the left until the finger touches a point indicated, a finger-stop it is called. Remove the finger and let the dial return of its own accord, and repeat by placing the finger the next time in the hole opposite to the figure 3 and the third time opposite the 8. Connection is then complete with the number desired and by pressing the small button* [on top of the telephone] *the bell at the other end rings and may be kept ringing as long as desired. The receiver should be placed to the ear as soon as the last numeral has been called. If there is a buzzing sound then hang up the receiver for that is the "line's busy" signal of the automatic 'phone. A special busy signal is one of the cute contrivances of the new system.*[151]

The whole operation, assured the *Daily Phenix*, "is quiet and quick, and inspires in the visitor a deal of admiration for the whole plant and the brain that contrived it."[152]

The Scott government's decision in 1908 to build a publicly owned telecommunications system for Saskatchewan was thus well timed. At the very moment it passed its telephone bills through the Legislature and established a department to oversee implementation of the public utility, the government was ideally positioned to take advantage of the very latest technology in the industry. Already, the most cutting-edge equipment had been installed independently in such urban centres as Regina and Saskatoon, providing the nucleus of a provincial network. Presumably, therefore, the new Department of Telephones had only to link up these local exchanges by constructing long-distance trunk lines at public expense.

In all probability, though, the government's good timing was due more to sheer coincidence than to design. That Walter Scott and his administration subsequently followed with interest any fresh innovations in telephony is clear from archival evidence. Among the premier's papers, for example, is a 1910 advertisement for a "Telegraphone," which was demonstrated at Regina on 6 June. This "marvel of the age," stated the ad, "combined perfectly the functions of the telephone and the phonograph." It was described as 'a sound-storage machine that puts in preserved form [on spools of wire or thin steel disks] every kind of noise—telephoned, spoken, sung, played, barked, whistled or otherwise produced—and turns it out again so you can't tell the difference."[153] The telegraphone could even be used secretly by bosses to catch employees "spooning" by telephone to their sweethearts at company expense.[154] It is highly doubtful, however, that the modern switchboards and dial mechanisms that Bell Canada or its competitors were installing around the province prior to 1908 affected the government's decision to enter into telephone construction. But it soon reaped the full benefits of that technology through no real initiative of its own.

CHAPTER SIX

EARLY DEVELOPMENTS, 1908-1913

THE PRELIMINARIES OF ORGANIZATION, administration and staffing were obviously fundamental to the success of the Department of Telephones from its inception. They secured its operations on a firm footing, facilitated its initial business transactions, and provided institutional backing for its early program of long-distance construction. Also, by coming relatively late to the industry, the government could capitalize from the outset on the newest developments in telephone technology as they appeared, and thus avoid the heavy costs of upgrading an older, established system. Nevertheless, from September 1908 to February 1909, when the first *Annual Report* was submitted to the Legislature, progress on the provincial plant was slow. Sidney Porter openly acknowledged that owing to the magnitude of the task and the short interval since the passage of the Telephone Acts, there had been insufficient time "to allow of any of the Long distance line being put into operation."[1] Consequently, added Chief Accountant C.F. Smith, "nothing in the way of revenue has been handled by the Department, and the accounts are entirely of expenditures."[2]

But the work had proceeded, anyway. Having surveyed large portions of the province in his capacity as telephone engineer, W. Warren had selected the routes from Antler to Regina and Lumsden to Saskatoon as the most practical. These two lines, plus a third from Saltcoats to Esterhazy begun in cooperation with local investors, were started in September 1909. Four additional routes (Yorkton to Alameda, Estevan to Gainsborough, Saskatoon to Prince Albert, and Warman to Lloydminster) were planned for 1910. At the same time, Manitoba undertook to extend its Sinclair line to link up with Saskatchewan's Antler line. When completed, that portion of the system would provide long-distance connections from Regina to Winnipeg,[3] independent of the Bell circuit already in service since 1906.

All of the building on the Saskatchewan side of the provincial boundary was to be completed under departmental inspection and supervision by private contractors, who bid on government tenders. Both labour and materials were still relatively cheap, but there were very few practitioners available in the province for this specialized type of work. As a result, the earliest contracts were awarded to enterprising newcomers such as W.D. Craig, lately of

Brandon, and S.L. Ross, a former employee of Bell Canada who had come west to Saskatchewan after working for a time with the government-owned system at Winnipeg. Like many men hired in the first years of the department's existence, these contractors were experienced individuals, trained on the job, who had been affiliated with other telephone companies before segueing into the business of construction. According to their agreements with the province, plans and specifications were to be prepared under the Telephone Department's direction, while it was government policy to supply all building materials. The private contractors provided the labour only.

In 1909 the department's modest rate of progress thus far on the planned long-distance system was about to accelerate. Only part of this spurt was due to the rising flood of petitions received from newly formed rural companies eager to build farmers' lines under the provisions of the Rural Telephone Act. Indeed, the early growth in number and construction of these systems can only be described as explosive. But the one item that the Scott government had yet to address was the disposition of the privately owned telephone enterprises in the province. The acquisition of these companies over the next three years, starting with Bell Canada's Saskatchewan plant, represented the major leap forward in the creation of a provincial telecommunications network at this early date. It meant that the Telephone Department did not have to create something out of nothing. Rather, with the purchase of these independent companies the government accumulated a solid core of well-established systems, easily linked by trunk lines. This allowed, in turn, for the rapid development and integration of the province's long-distance, municipal and rural telephone service.

Yet the Scott administration was very slow to proceed with this matter, despite the fact that it now operated in competition with Bell Canada and the Saskatchewan Telephone Company of Moose Jaw. Neither did it indicate any policy with respect to these two systems, or others like them in Saskatoon, Yorkton and elsewhere. This avoidance of the issue was due primarily to Francis Dagger's advice, the Liberals' own sense of economy, and perhaps the examples of Alberta and Manitoba. In his report to the Legislature, Dagger had argued in particular against any decision that placed the government in control of the exchange business. That, he always asserted, was best handled locally on a competitive basis, in order to avoid the creation of monopolies and the problem of cross-subsidization between localities.[1] Besides, it would be very a expensive proposition. He had urged, therefore, that Regina confine its energies to developing long-distance service. For the time being, the Scott government appeared to agree.

What Dagger's thriftiness and rigid anti-monopolism stopped him from seeing, however, was that the real core of a telecommunications network is the exchange, not long-distance. The latter connects communities, to be sure, but does not create them. By contrast, the exchange has performed a vital social function in North America ever since its first appearance at Hartford, CT, in 1878, by helping to integrate people into closely knit social relationships. This has special relevancy for the Canadian West, where the origins of the three government-owned telephone companies during the first decade of the twentieth century were related fundamentally to specific problems of community development on the sparsely populated prairies.[5] Both in Canada and the United States, a crucial side effect of the exchange principle—that is, the organization of telephone systems through local exchanges—was "the growth of endless new social organizations, because it offered *choice* of social contacts, on demand, even between strangers, without ceremony, introduction or credentials, in ways totally new in history." The same principle led rapidly, as well, to the creation of networks covering entire countries and, since the Second World War, interconnecting continents. As a result, "whole new forms of social institution and organization eventually became possible, new forms that no longer required people to be located at a fixed point."[6] The same forms, one should add, also allowed people who were constrained in their movements by geography or personal circumstance to escape the confines of their daily life. In has even been argued that the introduction of the telephone exchange principle, and the subsequent expansion of the network, were overwhelmingly responsible for converting Alexander Graham Bell's invention "from a [mere] toy into a social instrument of immense organizational and economic power."[7]

Walter Scott, James Calder and other members of the Liberal party understood the potential of a publicly owned telephone system to connect the widely scattered population of Saskatchewan into a single, self-sustaining community. This was implicit in the premier's 1908 campaign promise "to link together all the main towns in the province by trunk … lines to be constructed and conducted by a department of the Government and in addition … to assist the settlers to create their own telephone systems and link them up with our trunk lines."[8] What they did not understand, however, was that the local exchange was key to the whole process. Convinced instead by Francis Dagger and the relevant literature of the day that government involvement would be prohibitively expensive, Scott and his administration were also aware of the argument put forward in favour of independent companies: that competition at the local or municipal level reduced the price of telephone service and increased the number of subscribers.[9]

This assertion was accurate within certain well-defined limits. It is true, for example, that in the salad days of telephony, the construction and operation of exchanges was subject to diminishing returns in relation to scale. That is, the expense of installation and operation rose with the addition of every new subscriber, because of increasingly complicated switchboards and the rapid escalation in numbers of lines.[10] Yet these "cost characteristics" did not necessarily contradict the argument that local exchanges contributed fundamentally to the coalescence of new communities, whether on the municipal, provincial or even national level. On the contrary, those people who continued to advocate that telephones constituted a natural monopoly had a better grasp of this close relationship than Francis Dagger and his fellow independents, though they still expressed it in basic terms of dollars and cents. As Theodore Vail of American Bell observed in 1907:

> *The value of any exchange system is measured by the numbers of any community that are connected with it. If there are two systems, neither of them serving all, important users must be connected with both systems…. Given the same management, the public must pay double rates for service,*

> *to meet double charges, on double capital, double operating expenses and double maintenance.*[11]

In other words, Vail understood instinctively that competition on the local level was not just inconsistent with good business, but also divisive to a community. Exclusive control of municipal exchanges was essential for the development of an effective telecommunications network, whether publicly or privately owned. This was, after all, the secret to Bell's early command of the North American telephone market, in which the company first gained control over municipalities by securing the local exchange business, squeezing out the competition, and only then adding long-distance circuits in advance of need to provide intercity connections. Moreover, a monopoly approach would result in more effective and, in the long run, less expensive service. At the same time, it would contribute to the coalescence of communities in connection with other communities, both near and far away. Confronted with an almost complete lack of interest, let alone investment, in local exchanges by Saskatchewan municipalities during the early years prior to 1911, the Scott administration gradually arrived at the same conclusion.

THE DEPARTMENT SHOPS AROUND

In autumn 1908, the Department of Telephones proceeded steadily with its plans to begin construction of the first trunk lines the following year. During the interim, however, the Liberal government announced no policy with regard to the privately owned, local plants in the province, as many people expected. It thus fell to Bell Canada to take the initiative and force the issue of public control over the entire telephone network in Saskatchewan, or just long distance. Rather than compete with the newly founded provincial systems in the West, the Montreal-based company decided to dispose of its operations on the prairies, where it had been active since 1877. Already, it had negotiated the sale of its plant to Manitoba, where the Roblin government paid $3.4 million for the system and assumed ownership on 15 January 1908.[12] At is annual meeting a month later, the corporation announced that it was prepared to relinquish its operations in Alberta and Saskatchewan, as well. Although reluctant to sell, C.F. Sise – now president of Bell Canada – thought it was better for pragmatic reasons to give up the plant "than to enter into competition with the provincial governments."[13] Soon after, on 31 March, the Rutherford administration at Edmonton bought the company's Alberta plant for $675,000.[14]

In Saskatchewan, however, the Scott government continued its silence. It had never opposed the telephone giant as ardently as its counterparts in the provinces on either side. Nor was it keen to enter into the local exchange field, which would result automatically from the purchase of the Bell plant. Not only would that conflict with the government's own Municipal Telephones Act, it also would be expensive. As usual, cost was the bottom line for the Liberal administration, and whether the province could afford the investment. For precisely that reason in spring 1908 Walter Scott had written to his friend and fellow premier, A.C. Rutherford, hoping to benefit from Alberta's experience. "My dear Rutherford," Scott began,

> *The Bell Telephone people have approached us with a view to disposing to us their telephone system in Saskatchewan. I see that your Government has bought them out in Alberta and from the casual reports I should judge that you have been able to make a much better bargain than was made by the Manitoba Government. Could you let me know confidentially upon what basis you negotiated?*[15]

"We had a careful valuation of the system made by experts," Rutherford replied, "and paid [Bell] 25% over and above what the plant cost." He then added that his Minister of Public Works, W.H. Cushing, would be in Regina shortly "and will give you a full account of our arrangement with the Bell Company."[16]

But Regina's continuing indecision on the matter was a source of frustration to the telephone giant, and in particular to its special agent, William T. Scott. He had come west specifically in expectation of negotiating a transaction. So in June 1908 he began pressing hard for a decision. Long before now, he complained to J.A. Calder, he had expected to learn of the government's intentions for the purchase of Bell's telephone plant in the province. "The Company wished to know definitely," Scott insisted,

> *whether this sale is to be brought about or whether the Company must proceed with construction of Long Distance lines to connect up with existing isolated exchanges. Already we are having considerable trouble at different points owing to the lack of Long Distance connection, and in the past few days this trouble has become acute and requires some definite action.*[17]

Even now the company's Superintendent of Construction for the northwest was awaiting instructions to proceed or not with the new lines. But his orders were "being held in abeyance, pending our negotiations with you."[18] The next day, William Scott informed the Saskatchewan premier that he was leaving for Ottawa and then Toronto, where he hoped to meet with him and Calder the following month to conclude their discussions.[19]

With provincial elections looming on 14 August, however, the focus of both men was fixed on the current political campaign. Hence, they had no time to pay much attention to telephone matters. Calder even confessed that he "scarcely knew what has been done outside of the construction of a long distance line along the Arcola Branch [of the CNR] and one North to Saskatoon"—a strange admission coming from the department head.[20] But no sooner was the vote over and the Liberals returned to office, than the Bell Company once more pressed for action. "The elections having been held," wrote President Sise to Walter Scott on 27 August,

> *you will no doubt recognize the fact that a decision must be arrived at as to the future course of the Bell Telephone Company in the Province. You will readily understand that we cannot afford to remain idle, and if no sale is made, we must proceed with our [long-distance] work in accordance with our original plans ...but if the Government decides to purchase our existing plant in Saskatchewan, and we can agree upon terms, it would be neither to your interest nor to ours that we should inaugurate construction, which might not be in accordance with the views of the Government... . We will be pleased to hear from you on this subject as early as possible ... as we can no longer delay our work.*

Replying for the premier, James Calder assured Charles F. Sise, Jr. (who had joined his father in the Bell company), "you may expect that we will, within a comparatively short time, resume our negotiations respecting the taking over of your system."[21] In fact, talks did not begin again until after the new year.

In the meantime, the Saskatchewan government received a strong word of encouragement from an unexpected quarter. "I have some curiosity as to how you are coming in your telephone ventures and decided to drop you a 'personal' note," wrote William Scott to J.A. Calder:

> *I feel a deep interest in the success of your plans as you are going on lines so different from the other [western] provinces… . I shall be much disappointed if your plan does not work out much better [than theirs] not only from a financial point of view but publicly.*[22]

It says much for the unique approach of Saskatchewan's telephone policy that a senior official of the great Bell corporation could appreciate its experimental character and admire the political courage that lay behind it. This was high praise, indeed.

In January 1909 the Scott administration committed itself at last to the purchase of the Bell plant. Initially, it had wanted to buy only the long-distance lines, but Bell's executives in Montreal insisted on disposing of the whole system, not just selected parts.[23] That the Saskatchewan government finally agreed to this arrangement was due no doubt to the ultimate failure of its own municipal legislation.[24] This had been in place less than a year when James Sutherland, the Superintendent of Telephones, recommended that the government take over construction of all municipal systems. This meant, in effect, assuming responsibility for, and control of, the exchange business which Regina had hoped to leave in local hands. If, however, "it is not deemed advisable to do this," he continued,

> *it will certainly be necessary for the Department to have the plants in the cities in their hands as these will be the terminal points for our long distance lines, and to give satisfactory long distance service it is necessary for this Department to have control of the terminal offices.*[25]

Clearly, Sutherland had reached the conclusion that the exchange principle formed the hub of the whole telephone system, not the government-built trunk lines.

A year later, S.P. Porter echoed these views. "The existence of … town systems," he argued, "renders difficult the economical and convenient division of long-distance territory into districts." In short, municipal plants were costly, inefficient and redundant just as Theodore Vail had explained in 1907. "Were [they] operated and maintained by the Government," continued Porter,

> *more compact territory could be allotted to the care of a district inspector, which would mean less expense and insure better service. In the matter of supplying rural service [their original intent], the method provided for under the terms of the Rural Telephone Act appears to have captured the field. To continue the privilege of an alternative method by granting to rural municipalities authority to erect systems means the possibility of conflict. There is this further consideration that the rural systems seem better adapted to fit into the working of the general provincial system.*[26]

As it was, municipal construction met with little enthusiasm from the municipalities themselves. In fact, only five towns (Abernethy, Gainsborough, Melfort, Carnduff and Balcarres) established local plants under the provisions of the Act between 1908 and 1911. Still more disappointing was that during the same period of time, not one enquiry was received from any rural district wanting to erect a municipal system of its own under the same provisions.[27] The government thus had no choice but to acknowledge the failure of its municipal telephone legislation. Though the Act itself was not rescinded until 1955, when the last town system at Carnduff was purchased by the province, an amendment in 1911 restricted its application to the only five centres that had constructed local plants under its terms.[28]

Whatever the motive, in early 1909 the Scott government proceeded with plans to buy the Bell plant. "This was quickly arranged for," recalled Calder in later years.[29] W. Warren, the Telephone Department's chief engineer, was instructed to undertake a valuation of the company's system in the province. "Considerable data," he reported in February, "has been collected for this work and I expect to make up my estimated value within a short time."[30] The Legislature also demonstrated increased interest in the project, asking to see "all correspondence between the Government and the Bell Telephone Company regarding the purchase of the said Company's system within the Province."[31] Indeed, "judging from remarks in the House during the [subsequent] debate ... and newspaper comment at the time, there seems to have been general support for the immediate acquisition of the private telephone systems."[32]

Finally an agreement was concluded at Montreal, where the last negotiations took place. On 1 May 1909 the Bell plant was bought by the province—lock, stock and barrel—for the "very reasonable" sum of $368,924.90.[33] This announcement "produced a burst of self-congratulation on the part of the government and its chief newspaper supporter."[34] The Regina *Leader* termed the agreement "so good as to be almost unheard of in the annals of transactions between governments and wealthy business corporations."[35] Calder similarly bragged that the agreed price was exceedingly low, while the Telephone Department pronounced it "an admittedly advantageous bargain." With the single stroke of a pen it had acquired 13 exchanges, 20 toll offices and 234 pole-miles of long-distance circuits radiating from Regina, at a fraction of the cost paid by Manitoba and Alberta. The Regina exchange alone accounted for over half the Bell telephones. The company's remaining exchanges were situated along the main line of the CPR, except for a few isolated ones farther north at Prince Albert, Battleford, North Battleford and Rosthern.[36] In addition to this windfall, the department obtained all other assets and property of the Bell corporation in Saskatchewan, from switchboards, equipment and real estate to office furniture and fixtures. The department also acquired the benefit of the company's contracts with other firms or individuals for the interchange of telephone business, including its exclusive agreement with the CPR. As for Bell's former employees, the department agreed to retain them for the period of one year.[37]

The most significant feature of the sales contract between Bell Canada and the Saskatchewan government, however, is found in Article 7. Not only did this grant the telephone giant the right to "construct a line or lines through the Province" at any time "to connect the systems of the Company with the Provinces of Manitoba and Alberta." It stipulated more importantly that "should the Province at any time sell, lease or otherwise dispose of or cease to operate the said property hereby sold, the Company will be entitled to resume local and long distance telephone business throughout the Province."[38] Though signed over nine decades ago, that clause of the agreement is still active today.

The purchase of Bell Canada's Saskatchewan plant was not, however, a discreet event of only local significance. It had very interesting repercussions outside the province, too. At Winnipeg, for example, the Liberal Opposition had grumbled for months that the price paid by the Roblin government for Manitoba's portion of the Bell system had been extravagant.[39] They now quickly enlisted Saskatchewan aid in making their case. J.W. Dafoe of the Winnipeg *Free Press*, for one, requested a detailed summary of Regina's purchase of the Bell plant specifically to demonstrate how it had struck a better bargain than Manitoba.[40] In reply, James Calder assured him that Francis Dagger was "working overtime securing information for the [Liberal party] in your Legislature."[41] The following December, Walter Scott obligingly sent copies of all public documentation with regard to the transaction, including a memorandum by Dagger. But, he cautioned, the latter should not be relied upon too heavily in view of the ill-will between the telephone expert and his former employers in the Manitoba government. (Apparently, the Roblin administration had "discovered subsequently to their sorrow" that the advice he had been hired to give on telephone matters "was not very satisfactory.")[42] "We had a little bit of most extraordinary experience," wrote Premier Scott, "of the way in which Dagger will permit prejudice to sway him just before he left here last summer."[43] This was an allusion to an incident in October 1908, when he virtually had accused D.C. McNab of colluding with a salesman who represented a Bell subsidiary. In fact, the two men had done no more than stay at the same hotel one night by coincidence.[44]

The political ripples created by the Saskatchewan government's purchase of the Bell plant also reached Ottawa, where the old debate over private vs. public control of telephones in Canada briefly reopened. On 1 March, Conservative MP Haughton Lennox presented a resolution in the House of Commons "instancing the action of the Governments of Alberta, Saskatchewan and Manitoba as to Telephones and declaring it the duty of the Dominion Government to initiate measures for the removal of existing abuses in other Provinces and the obtaining of lower rates for the people." "His argument," observed the *Canadian Annual Review*, "was practically for Public ownership.[45] The Liberals, of course, rejected such a policy. Instead, they moved an amendment that expressed approval of the Laurier government's action in placing telephones under "public" control through the Railway Commission. It also opposed any further action until every province in the Dominion had acquired the telephone companies under its jurisdiction. This effectively killed the original motion. But the parliamentary session adjourned before a formal vote was taken on either resolution.[46]

The Scott government's next step was to buy up some of the smaller concerns in the province, starting with the Saskatchewan Telephone Company of Moose Jaw. Once again, the Liberals did not initiate the offer. It appears instead that Charles Thomas, the General Manager of the firm, made the first overtures as early as June 1907. At that time, he wrote to arrange a meeting between Walter Scott and a representative named Young "to consider telephone matters."[47] Apparently, nothing was concluded. But the company tried again the following winter. Even before the Telephone Bills were introduced in the Legislature, President A.B. Cox wrote to Calder with a firm offer to sell his plant and equipment to the province "upon fair and equitable terms."[48] But the offer was rejected a second time on the grounds that work on the long-distance trunk lines would occupy the new Telephone Department for some time to come. Besides, it was reluctant to take on the additional burden of operating local exchanges.[49]

Only after the provincial elections in August 1908 did Walter Scott announce that his government was prepared to purchase the facilities of the Saskatchewan Telephone Company.[50] Yet even then, there was a long delay of nearly a year before anything was done. In fact, negotiations for the sale began just as Regina concluded its agreement with Bell Canada. Also, whatever advantages the purchase of the plant offered to the growing provincial system, the government's interest was largely political. As J.A. Sheppard, the Liberal MLA for Moose Jaw, explained almost breathlessly:

> *The Saskatchewan Telephone people are still anxious to close a deal with the Gov't. re their lines and personally I am anxious to see the deal carried through quickly for we are in this position. Everything in connection with their lines that is with reference to additions to their lines is at a standstill. People know that the Gov't. have been considering the taking over of these lines and are now inclined to find fault with the Gov't. for the delay as they look forward to energetic action on the part of the Gov't. had they control of these lines.*[51]

J.A. Calder replied that although Regina was interested in acquiring the system, it was weighing its options. "I am now arranging to have a valuation of the plant made," he wrote. "As soon as this is done we will be in a position to know whether we should buy or not and if so, upon what terms."[52]

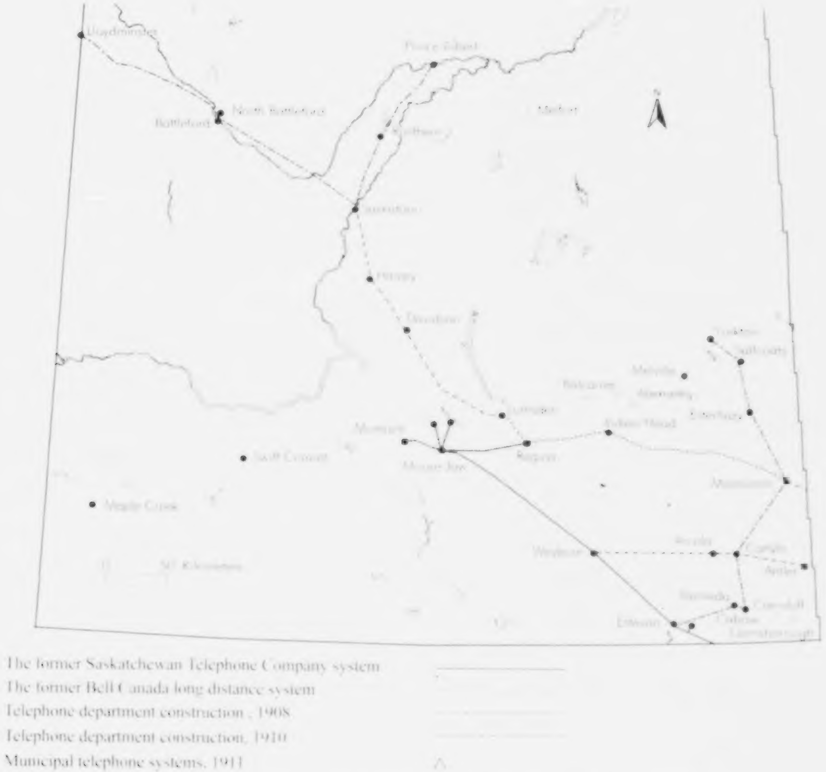
Two months later, on 1 July 1909, the government purchased the Saskatchewan Telephone Company for $150,586.20. The plant consisted of 32 toll offices, 258 pole-miles of line and four exchanges.[53] Of these, the largest was Moose Jaw, from which long-distance trunk lines connected smaller exchanges at Rouleau, Weyburn and Estevan. In addition to its property and other assets, the government acquired the company's contract with the CPR, which gave permission to erect poles along the Soo line in return for rental of the right-of-way.[54] In stark contrast to the fanfare that accompanied the purchase of the Bell plant, however, the sale of the Saskatchewan Telephone Company "passed almost unnoticed, even in the pages of the Leader."[55] Curiously, though, the firm did not entirely disappear after the transaction, but seems to have entered the business of telephone construction. In 1908, it was awarded the tender for building the provincial trunk line from Regina to Antler.[56] The government next bought up the small Wapella-Harris exchange for $1,204.25 on 1 October.[57]

SaskTel Archives, 5216-XX-0

A telephone work crew, c. 1910

By the beginning of 1910 the provincial system consisted of 20 exchanges serving 3,412 subscribers, and 100 toll offices. Of the latter, two new exchanges at Hanley and Melville had been constructed by the Department of Telephones.[58] But because each of the companies acquired by purchase had conducted business and operated lines in its own way, the "work of harmonizing methods, standardising rates, eliminating inconsistencies and incorporating these systems into the provincial system involved a good deal of work and necessitated a great deal of care."[59] The exchanges at Regina, Rouleau and Weyburn, for example, all had to be remodeled, since the capacity of their existing equipment was not equal to the volume of business. A new telephone central also was built at Moose Jaw and equipped with "the most modern of manual switchboards ... much to the satisfaction of our local subscribers who have had to put up with very inferior service for the past year." At the same time, the exchanges at Arcola and Prince Albert were upgraded to first-class status, meaning that they were incorporated fully into the provincial system and staffed by a full-time department employee to handle the telephone business. Similar plans were made for Saskatoon, where the toll office practically controlled "the whole of the long-distance switching in the northern part of the province."[60] Additional wires also had to be strung along the main government-built lines to relieve congestion.

Meanwhile, construction had continued according to plan between the cities of Regina, Saskatoon and Prince Albert, and to the Manitoba border. In all, the department built 640 miles of trunk lines between 1908 and early 1910 which, combined with 492 miles acquired by purchase, gave the province a total of 1,132 pole-miles. In fact, boasted Sidney Porter, "more mileage has been added in little more than one year, than was erected during the whole time while the private companies occupied the field."[61] And although some discontentment arose among subscribers who objected to changes made in


Lloydminster
North Battleford
Battleford
Prince Albert
Rosthern
Melfort
Saskatoon
Hanley
Davidson
Lumsden
Moose Jaw
Regina
Indian Head
Balcarres
Abernethy
Melville
Yorkton
Saltcoats
Esterhazy
Moosomin
Swift Current
Maple Creek
Weyburn
Arcola
Carlyle
Antler
Estevan
Carnduff
Oxbow
Gainsborough
50 Kilometres
The former Saskatchewan Telephone Company system
The former Bell Canada long distance system
Telephone department construction , 1908
Telephone department construction, 1910
Municipal telephone systems, 1911

The Saskatchewan Government's Provincial System, Long Distance, 1912

what they were used to, these complaints "were short lived and the service soon settled down into a uniform whole."[62]

More purchases over the next two years further expanded the provincial system. On 1 March 1911 the Saltcoats District Telephone Company was absorbed for a modest $3,000. Just five months later, J.C. Drinkle sold the Northwestern Telephone Company to the province.[63] An Ontario native who had come west in 1903, Drinkle had made a fortune in real estate at Saskatoon and subsequently ventured into the electric light business. In May 1906 he and a group of investors had purchased the local telephone concern (formerly called the Saskatchewan Telephone and Electric Supply Company), which was teetering on the brink of bankruptcy owing to inadequate and unreliable service. They hoped to save it by improving operations, and secured a 10-year franchise from the city council for that purpose. (Rumours also circulated at the time that negotiations had begun for the sale of the town system to the Bell monopoly, which no one wanted.)[64] But having poured money into automatic switching equipment and a new exchange building in 1907, Drinkle and his business partners were unable to recoup their investments, despite offering public shares in 1908. With the city unwilling to assume any responsibility for the firm's commitments, the plant fell once again into financial difficulty.

Hence, in 1911 conditions were ripe for another sale, and the government acquired the company on 1 August for $70,000.[65] The small Swift Current system was purchased the same day for a further $22,000. The plant of the Yorkton North West Electric Company was the last to be bought. In operation since 1910, the company served 188 subscribers. On 1 December 1912 it was sold to the government for $3,600, whereupon it was made a main system exchange.[66] The same year, the department constructed 34 toll offices of its own at various points throughout the province.[67] Clearly, the Scott administration had overcome its last misgivings about the wisdom of assuming control of the local exchange business.

As a result of this rapid expansion, by 1913 when the Department of Telephones became an independent agency, it enjoyed a complete monopoly of long-distance trunk service in Saskatchewan. "In accordance with the policy adopted by you," announced Lieutenant-Governor Forget to the Legislature on 18 November 1909 in his Speech from the Throne, "long distance telephones within the Province are now exclusively owned and operated by the Government."[68] But progress had come at a price. The purchase of the privately owned plants, coupled with the government's program of construction, had cost Saskatchewan taxpayers $1,526,755.95 up to 1912. The expense of operating this rapidly expanding plant was consequently greater, explained Sidney Porter, than if the same extent of system were contained within narrower limits. As well, 22 independent telephone companies (10 of which had incorporated since 1908) still lay outside provincial control, "the government not deeming it advisable to build a system [to these places] at the time, and because of the subscribers on rural lines desiring telephone connection through towns to which their system ran."[69] Nevertheless, some benefit accrued from these private enterprises. Starting in 1909, Regina levied a tax of 1 percent on their annual gross earnings.[70]

All of the money spent on the provincial plant had been well invested, however. In early 1913 the network under the Department of Telephone's control boasted 3,172 pole-miles[71] of long-distance lines (2,280 of which were built by the government), 93 exchanges, 284 toll offices and 14,826 subscribers. These figures did not include the tremendous growth of the rural companies over the same period.[72] Additionally, "by centralizing the management at headquarters," observed the deputy minister, "it has been possible so far to get along with a small though perhaps overworked staff." This had helped to streamline administrative procedures and reduce operating costs.[73] Best of all, the system had begun to generate revenue: $175,000 in 1910; $240,046 in 1911; and $278,934 in 1912.[74] Faced with these statistics, Conservative criticism of Liberal policy in the Legislature virtually collapsed. In fact, at a convention held in July 1911 to define the Opposition's platform for the next provincial election, the "important subject of Telephones was not greatly discussed because of the apparent success of Government operation and the continued expansion of the system."[75] So the Scott ministry was justifiably pleased with its achievement.

RURAL TELEPHONE CONSTRUCTION BEGINS

Perhaps even more gratifying was the tremendous success of the Liberals' rural telephone legislation, which surpassed all expectations. It was primarily

SaskTel Archives

Deputy Commissioner Sydney R. Porter

the demand for farmers' service that had propelled the Saskatchewan government into the telephone business in the first place. Interviewed in 1907, Premier Scott had declared that "the chief end of any policy which we may adopt must be the provision of telephone facilities to the rural communities."[76] Consequently, the Rural Telephone Act was regarded by his administration as the most important of the three bills brought before the Legislature in 1908. In fact, noted Deputy Minister D.C. McNab in 1924, over the 16 years since the passage of the original legislation, the government's long-distance plant had transformed for all practical purposes into "an auxiliary to widen the usefulness of the [rural] system that found its birth through the provisions of the Act."[77]

To be sure, admitted Deputy Commissioner S.R. Porter in 1909, the outstanding feature of petitions received from farming communities still remained

> *the expression of the great need for the betterment of transportation conditions throughout the length and breadth of the province, and the almost insistent demand that steps be taken by the government to promote and aid such railway development as will not only relieve already constructed lines from congestion of traffic, but will, as well, afford relief to outlying districts by bringing them within living distance of markets.*[78]

In 1912, for example, the mayor of Weyburn implored Sir Donald Mann, Vice-President of the CNR at Toronto, to authorize construction of additional rail lines near his town. The extra connections, he explained, were necessary to move more goods through and around the thriving centre. Like so many other Saskatchewan communities during the boom years, Weyburn boasted rapid growth in terms of size, population, wealth and even building permits, including one for a new central exchange office slated to cost $30,000.[79] As late as the 1930s, the railway was regarded still by many county folk as "a functional institution of fundamental importance." "In the days of our youth," recalled Harlo Jones of Dinsmore village, "the railway brought in the lumber to build the town and its food, fuel, mail, inhabitants, traveling salesmen, newspapers, visiting hockey teams, automobiles, farm machinery and, most wonderful of all, it would take us on board for those magical and rare occasions when we were taken to the City."[80] No wonder the arrival of the weekly train was an event of "unparalleled excitement."

Nevertheless, telephone service still ranked high among the social priorities of the Saskatchewan farmer. One near-contemporary, economist W.A. Mackintosh, even asserted in 1935 that the telephone was second only to rural schools, rather than railways or good roads. "After the needs of elementary education were taken care of," he argued, "the rural communities proceeded to make heavy investments in telephone service, both absolutely and relatively in relation to the population to be served."[81] This statement is all the more significant considering that it was written at the height of the Great Depression, which devastated Saskatchewan's economy and forced many cash-starved farmers to give up their telephones as expensive luxuries when confronted with the daily struggle to feed hungry families.

Speaking of the benefits of rural telephones in principle, Minister of Agriculture W.R. Motherwell told a Saskatoon audience in 1910 "that this modern convenience should be in every farmer's home just as soon as he could afford it, for nothing in recent years has so tended to popularize and modernize rural life as the introduction of the rural telephone."[82] But the advantages were more than abstract; they were both very real and very practical. To begin with, farmers' systems helped to link up the life and work of the province. By providing homesteaders with a ready means of communication with their market centres, the telephone partially compensated for the persistent difficulties of inadequate transportation facilities in more remote areas, where few roads existed (and bad ones at that) and rail service was infrequent or insufficient. The device also made it easier to order repairs and to ascertain if a neighbour were going to town.[83] Above all, it immensely reduced the profound sense of isolation "that weighed [so heavily] on the first settlers of the distant frontier," as well as on those living in sparsely populated regions of the growing province.[84] Because the telephone "brought the sound of a neighbour's voice into the farm kitchen," it provided a welcome feeling of security, too. It meant that aid, especially medical attention, was near at hand and quick to arrive if needed.[85]

Telephone connections served likewise to bring a rural population together as a single social body, no matter how widely dispersed, over shared interests, social events or political affairs. To cite just one example, "the telephone," recalled homesteader George Shepherd (in specific reference to the Territorial Grain Growers' Association), "meant that most of the [farming] community could be alerted through 'central', as to when and where meetings were to be held."[86] For this reason, wrote Blashill and Johnston in their 1976 history of Strongfield, SK, the "importance of the telephone cannot be overlooked in any account of life on the prairies" since the turn of the century. "The 'long ring' [over the party-line] was a ring from central followed by an announcement usually about a community social affair but sometimes about a lost cow or horse or a call for help to assist at fighting a fire, seeding or harvesting a crop for an ailing neighbour or the like."[87] Such were the ties that bound rural people together. With the passage of time, finally, long files of telephone poles disappearing into a distant horizon came to be viewed as concrete evidence of civilization on a landscape that otherwise appeared completely barren.[88]

Even so, the Scott government was astonished at the high level of interest

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The telephone helped to reduce the isolation that "weighed [so heavily] on the first settlers of the distant frontier,"

shown by the farming population with regard to rural telephone construction. "Settlers, as a whole," wrote S.P. Porter in the department's first *Annual Report,* "seem to be fully aware of the advantages which the telephone will bring them; and it is noteworthy that the keenest interest has been shown in districts where a considerable portion of the farmers have been served by telephones in the localities from which they came."[89] (The latter was a particular reference to homesteaders coming from the Unites States.) On further reflection, mused Porter two years later, the reasons for the telephone fervor exhibited by rural districts across the province were not difficult to divine. The extension of settlement and the general "widening out" of activity meant the expansion of business. Business, in turn, always demanded the most effective means to facilitate its transactions. And as an agent for this purpose the telephone commanded wide and unquestioned favour. The deputy minister then drew a direct link between the phenomenal growth of Saskatchewan at this time and the telephone. The general desire for this convenience, he asserted, "may reasonably be accepted as evidence of the uniform development going on within the province."[90]

Indeed, from all settled areas, continued Porter, requests had poured in since 1908 for building long-distance lines, installing local exchanges, opening toll offices and, especially, assisting rural systems. This indicated that conditions were such in Saskatchewan that the need for telephone service was felt widely.[91] In fact, added D.C. McNab, no sooner had the Rural Telephone Act become law, than interest in farmers' telephones, "which had just begun to be aroused, suddenly enlivened."[92] Between June and October 1908 alone, he calculated, no fewer than 1,145 letters of inquiry had been received by the Telephone Department. There was, in short, no branch of the various railways across Saskatchewan "but had a number of districts expressing either a desire for information or an intimation that they wished to organize and incorporate a rural telephone company."[93] Expert advice and all necessary information were sent out in response, with the result that by February 1909, 31 rural telephone companies had been organized, incorporated at government expense and provided with construction materials. This represented a total capital investment of $90,875 to build 890.5 pole-miles of lines to serve 954 subscribes.[94] Given the number of districts across the province that had taken advantage of the Act's provisions in less than a year since its being passed into law, bragged Porter, "the result already achieved may be taken as substantial evidence that [the legislation] has commended itself to the rural population as effectively meeting the public needs." He anticipated at the same time that much discussion would take place during the remainder of the winter in rural districts, and that requests for the attendance of a department representative at organizational meetings would increase steadily. At all events, "the coming summer will see an active interest in rural telephone construction."[95]

Under the original terms of the Rural Telephones Act, five or more persons could organize a mutual joint-stock company to construct and operate a tax-free system for their common benefit. "Seek and ye shall find," recalled D.C. McNab, typified the guiding spirit that lay behind the legislation, for "in that statement is applied self-help to begin with."[96] This cautious, yet practical approach to the matter of farmers' telephones "reflected the government's determination to keep both the province and the municipalities as free as possible from financial commitment."[97] Government ownership of rural systems was certainly no solution to the problem in Saskatchewan's case. Not only was the population predominantly rural, despite its enormous growth in these early boom years, but construction and maintenance costs per installation in farm service were generally much higher than those in urban service.[98] As J.A. Calder testified in 1916, the expense of public control would have ruined the province by creating an intolerable burden on the treasury with disastrous consequences. That the great Bell Company, though keen to monopolize the telephone field across North America, kept out of the unprofitable rural field was, he asserted, as significant as it was conclusive. Even government operation of railroads, a more secure proposition, was still experimental. In the face of widespread experience on both sides of the Canadian-American border, overwhelming evidence and even expert advice (an allusion to the Dagger Report), Calder asked rhetorically, "Would it not be reprehensible for us to embark on such a policy?"[99]

With that concern in mind, the Scott administration had rejected the idea of provincial ownership of rural telephones, and even of working through the local municipalities. It adopted, instead, a cooperative principle that included direct assistance to farmers' mutual companies. According to this plan, government-owned poles were to be provided free of charge to companies incorporated under the Act that complied with its provisions. (A total of 15,834 were furnished to 20 such firms during the autumn months of 1908 alone.) The actual number of poles and the conditions under which they were supplied, however, "shall be fixed by regulations approved by the Lieutenant Governor in Council." In order to avoid any "outstanding indebtedness," all capital subscribed by the rural telephone users was to cover the cost of erection of their system. But for every pole-mile of line construction, that capital was not to exceed $150, of which $20 were to be collected from subscribers in advance of building. The price of shares was fixed similarly at $25, with a limit of 20 shares per person. If, after the year's operations, "there remains a balance of cash on hand," a dividend could be declared so long as it did not exceed 8 percent.[100] After all, the whole purpose of the Act was to procure effective service for farmers at minimal cost to the treasury and maximum advantage to rural telephone development, but not as a revenue producer for either the mutual companies or the province.[101] Even government tax assessors had to be reminded of that fact from time to time. In 1912, William Cosgrove wrote of his intention to assess taxes on the telephones in service at Esterhazy. "I do not think there is any provision that they should be free," while he estimated the total levy at $8,000.[102] Calder immediately corrected him, however, writing that "the Government Telephone system," including rural companies incorporated under the Act, "is exempt from taxation."[103]

On the other hand, quality of service was to be controlled exclusively by the Department of Telephones, though rates were to be set locally. Management and maintenance of rural systems also were the responsibility of the rural companies, with free technical advice from the departmental engineering staff on any difficulty that arose and ready assistance when problems could not be solved locally.[104] This help extended to administration, as well. Although every company operating a telephone system under the terms of the Act was required to keep its accounts according to departmental standards on the principle that "service must be paid for or it cannot be continued,"[105] where trouble arose aid was at hand. In practice, this meant that during the early years of rural telephone growth in Saskatchewan, the department's superintendent traveled widely throughout the province to straighten out tangles in finance, operation of service, amalgamation of farmers' companies, centralization of business, promotional activities and other situations that arose "where development and extension [were] in the hands of somewhat inexperienced subscribers."[106]

Most important of all, however, the Telephone Department was authorized to maintain strict supervision over the work of rural construction to ensure that its specifications were adhered to exactly. The problem with erecting farmers' systems, complained Calder, was that in order to be practical, both their equipment and their operation had to be cheap. But this translated too often into cheap construction, as well.[107] That might be satisfactory for the short term, continued Superintendent J. Sutherland, but it "ultimately costs more [in the long term] on account of the large sums which will be necessary to spend in maintenance." It was on quality construction more than any other factor, he stressed, that the success or failure of farmers' systems depended.[108] Consequently, every mutual company incorporated under the Act that received poles from government stores was required to meet the Telephone Department's specifications for building rural lines. Construction standards were set deliberately high to correspond with the government-owned long-distance plant and also to ensure low maintenance costs. Any farm system that failed to meet these standards or that, upon regular inspection, was discovered to have declined in quality due to poor maintenance, automatically lost its connection with both the local exchange and the provincial trunk lines. (The same terms applied, incidentally, to privately owned companies linked to the government system.) Violation of the rules meant, in other words, "refusal or discontinuation of such service" until the specifications were met or the necessary repairs were completed and approved. Departmental supervision of rural extension was thus more costly than that of long-distance construction, "but was found to be required to prevent slipshod workmanship and overloading of circuits."[109]

From the tone of the *Annual Reports* issued between 1909 and 1924, it appears that the Telephone Department's high construction standards, strict regulations and close inspection of rural systems created some tension in the countryside. At first, some farmers objected that these rules were needless impediments to the swift connection of telephone service in their districts. In time, however, "ultimate satisfaction was the outcome," affirmed D.C. McNab. Better comprehension of the intention behind the provincial policy and its application gradually grew side by side with greater appreciation of the department's concern to assist the mutual companies in conducting their affairs. It also helped that through experiment and by comparison with other provinces, rural subscribers came to recognize the reasonableness of the department's regulations. They discovered, in particular, that the rules were flexible enough to allow for adjustments to local conditions and circumstances, meaning that "local judgment has had room for play." "More clearly is it being understood," concluded McNab from this steady change in attitude among rural subscribers, "that the success of the service rests with them, realizing which responsibility is being more readily accepted.[110]

As to forming a rural joint-stock company, the process was relatively easy. From start to finish the whole procedure took only a few weeks, barring any complications. After canvassing their farm neighbours for investment and support, the organizers petitioned the Minister of Telephones for permission to erect a local line for their common use. Every petition had to be accompanied "by plans, specifications, drawings and estimates of the system which the petitioners desire to construct together with a schedule of the rates, rentals and tolls which it is proposed to fix and charge for telephone service."[111] This information was also to include the name and business address of the proposed company, the amount of capital raised, the pole-mileage planned, the number of subscribers to be served and a map showing the intended route of construction in relation to homesteads, road allowances and railways.

Once satisfied that the plans and estimates were in order, the minister was required "to take all steps necessary to secure the organization, incorporation and registration" of the firm under the provisions of The Companies Ordinance, "without payment of any fees or charges whatsoever."[112] The paperwork completed, a Certificate of Incorporation was sent to the new enterprise, together with copies of the department's regulations concerning the construction of a rural telephone system at an estimated cost of $85 to $90 per mile. The last step was to arrange for the delivery of government poles to the railway station designated by the corporation.

Otherwise, the new mutual company operated more or less independently of the government in its daily transactions. It arranged its own schedule of meetings during the year which, depending on the number of shareholders, were held in a local school, fire hall or private home. Each company also determined its own regulations to govern everything from hours of operation to time limits on conversations during peak business periods. These rules could include fines for delinquent accounts, eavesdropping on private messages over party-line circuits, and the use of obscene or abusive language on

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The vagaries of the Saskatchewan climate posed many challenges to the construction of telephone lines.

the lines. To budget for the year's working capital, annual dues were set for all subscribers. Part of the proceeds paid for the switching and connecting fees charged by the telephone company that owned the central office in the town to which the rural system was linked. The same firm billed all long-distance calls through the secretary-treasurer of the farmers' cooperative, who was responsible for collecting the money, along with the various other fees.

Construction was another matter, however. Many new companies experienced difficulties while trying to erect their systems. One common problem, for example, was keeping the telephone poles in straight lines over marshy ground, for even a slight list could strain wires to the snapping point. Another worry for people unfamiliar with the technology was general maintenance and repair. A third concern was whether the farmers' mutual should purchase local batteries for all magneto telephone sets connected to its system, or leave that to the individual subscriber who, to save money, too often bought inferior, unreliable brands. To assist with these matters, the Northern Electric and Manufacturing Company offered *gratis* a 100-page booklet, complete with plans and illustrations, entitled *How to Build Rural Telephone Lines.* "You do not need to know anything about company organization or telephone line construction to start building a telephone company in your own community," advertised the *Grain Growers' Guide* in August 1912:

> *"How to Build Rural Telephone Lines" will tell you absolutely everything you need to know. When you have read this book you will be amazed at the simplicity of the whole proposition and wonder why you and your neighbours have not had a telephone system of your own long ago... . Let us show you how to get the movement started so that your community can have a rural telephone system and you a telephone on your own wall. We offer you freely all the necessary information and our entire experience is at your disposal for the asking.*[113]

This offer was not so generous as first appears, however; for it was also meant to promote the products of the electrical supply firm, which boasted in the same advertisement that "the Northern Electric is the instrument on the wall of one out of every ten telephone users in Canada."

Another alternative was to have the department call for tenders from private contractors to erect lines instead of the farmers themselves. But beyond that, it had nothing further to do with the actual *work* than to place an inspector on the job to see that the system was built according to standard.[114] That standard specified a party-line circuit with an average of one subscriber for every pole-mile constructed. A limit of 10 subscribers also was adhered to in order

> *to ensure low maintenance costs, ... establish such arrangement as to gain reasonable assurance of service, and ... permit free flow of traffic when connection was made with the Department's long distance service.*[115]

Party-line circuitry offered several important advantages. First and foremost, affirmed *The Canadian Engineer* in 1901, it presented a very effective but inexpensive method of telephone connection among a small number of rural customers. In addition, "by use of a small switchboard at some convenient point, the number of connections may be increased indefinitely" over a very large area to include hundreds of persons and scores of nearby towns and villages. Finally, "owing to its simplicity..., coupled with its extremely low cost,"[116] the system found great favour with farmers across Canada and with the money-conscious Scott government, too.

Until 1974, when replaced at last by more sophisticated direct-dialing technology, the party-line was "the soul" of rural Saskatchewan. Described as "every man's line in every sense," it was (reminisced homesteader George Shepherd) "a great equalizer."[117] For farm wives confined to the home, it was a particular blessing that provided "a ready and convenient substitute for the informal and sometimes prolonged chat enjoyed by urban neighbours over the backyard fence."[118] This helped to ease their sense of solitude. At the same time, the party-line also lent itself to casual eavesdropping—a clandestine source of gossip and entertainment for the nosey or merely bored. Indeed, joked one old-timer, "you got better programs on it than you ever did on the radio!"[119] The party-line's greatest value lay, however, in its capacity to bring rural people together as a single unit, while still serving individual needs. Relying upon the old magneto technology, it could be used to call a single party or the whole community. A sustained ring summoned all subscribers to lift their receivers and listen for a general announcement. Otherwise, each farm had a distinctive ring of its own that consisted of long and short bursts of sound from the signal bells, "created either by the operator with a hand-crank or by others on the same line with cranks on their own phones."[120]

No farmers' system was allowed to connect, however, with more than one town or market place, as Walter Scott explained in 1909 to the secretary-treasurer of the Boggy Creek Rural Telephone Company.[121] It had wanted to extend its local line from Lumsden to Craven in breach of departmental regulations, on the transparent pretext of supplying service to four or five homesteads that currently had none. But the premier refused. "The aim of the legislation embodied in the Rural Act," he scolded,

> *is to assist farmers of a district to reach the centre with which they do business. The assisting of towns or villages to reach each other is no part of its object, and is specifically provided against by regulation. These it is intended shall be provided for by the creation over the Province of long distance lines, which is being accomplished as rapidly as time and conditions*

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Construction near Craven

> *will permit. Craven and Lumsden will therefore likely find means of telephone connection through use of long distance service.*[122]

Scott's advice was for the farmers around Craven to form a rural company of their own to connect with the village. From there they could reach Lumsden over the lines owned privately by the local Pearson Navigation Company. Or they could apply directly to the Deputy Minister of Telephones to join the Boggy Creek system.[123] But they could not have both.

Ultimately, only close supervision kept this problem in check, for as both James Sutherland and W. Warren remarked, farmers tended to build trunk lines from one town to another regardless of departmental rules. Not only did this reduce the revenue produced from the government's lucrative long-distance service, it interfered with the whole network by creating overlapping systems for long-haul business. To what extent would the government allow this class of circuit to be built, asked Warren, or what additional regulations, at any rate, should be enacted when rural companies connected two or three systems together?[124] "Considering these circumstances," wrote Sutherland, "I would recommend the defining of the territory that each rural company will operate in." Warren suggested further that inspection of rural plants be stepped-up to enforce the standards. In the meantime, he advised, more money should be allocated to accelerate construction of the provincial long-distance lines. After all, "it is the intention of the Department to install a system ... that will place the Government's telephones to the front as a quick and efficient means of communication."[125]

For the most part, farmers respected the rules. In 1909, for example, B.J. Kirkpatrick wrote to enquire—misspellings and all—whether it would be necessary for the Truaux Rural Telephone Company to erect poles over the CPR tracks to connect with the town system at Rouleau. Or would the department complete the work and under what conditions? "Will you Plese see to this matter at once," he asked J.A. Calder, "as we have a machine hired to dig these holes and if we dont halfta dig them we wont Need it any longer."[126] Ironically, the president of the company, Mr. Wright, had tried to reach the minister by telephone, but "the Government officials wer so Buisey he could not get them at all so he Requested me to wright you this letter." Sidney Porter agreed that the department would extend the line from the Rouleau corporate limits, but that the rural company would pay for both labour and materials.[127] G. Spring-Rice similarly requested clarification of the rules since the government's acquisition of the Saskatchewan Telephone Company of Moose Jaw. He was concerned lest he would have to reconstruct the line from his farm to the town of Pense out of his own pocket. Walter Scott responded personally to reassure him that only the wires required replacement to bring them up to standard. But, the premier suggested helpfully, why not form a small rural company instead and have the Department of Telephones supply poles free of charge for a totally new system?[128]

Acting on this advice in autumn 1909, Spring-Rice and his neighbours formed the Coulee Rural Telephone Company, but encountered delays in obtaining incorporation. Having finally submitted the necessary paperwork on 24 February 1910, he had heard nothing back from the department for 10 days, and time was wasting. He and his fellow investors had hoped to erect the poles, at least, before the spring seeding. But it now looked as if they were going to have to put off planting to unload the poles when they belatedly arrived. This "certainly is a good instance of the folly of public ownership!" snarled Spring-Rice in angry criticism of the department's apparent foot-dragging.[129] But the government refused to accept the blame. In a brisk exchange of letters, J. McLeod, the premier's private secretary, pointed out that the department had more than fulfilled its obligations under the Act to get the Coulee Co. under way and, moreover, that the organizers themselves had put off matters since the previous harvest.[130] To be sure, admitted Spring-Rice in reply, Regina had lent every assistance. Yet he could not understand why the Department of Public Works had to be consulted before construction could begin on the rural line. This was a waste of time, he grumbled, or "so at least it appears to laymen."[131] Walter Scott explained at this point that because Public Works controlled the road allowances, the Telephone Department had no power to authorize the erection of poles on such land until the plans had been submitted to and approved by the minister responsible. "There must be absolutely no ground whatever," avowed the premier, "for possible friction between the two [agencies] in this respect."[132] Here the discussion ended.

But Spring-Rice was not alone in protesting about what he thought were needless government procedures in matters of rural construction. Usually, however, the delays amounted to the tardy shipment of poles rather than problems of incorporation. But sometimes, as in the case of the Sydenham Rural Telephone Company, it was both. In September 1911, Gavin H. Wilson, the firm's secretary, wrote from the town of Guernsey to complain that after organizing the company in full expectation that the delivery of poles would arrive shortly, this was postponed until mid-August when all the farmers were preoccupied with harvesting. Then to add insult to injury, no sooner had the private contractor hired to build the system erected the poles and prepared to string the wires, than he discovered that the telephone company organized for the town itself had not yet received its government charter, "leaving us in the position of having a line without a central connection." "Is this the sort of courtesy usually handed out by your Telephone Department?" sniped Wilson. As it was, "there is very strong dissatisfaction amongst our subscribers on account of the delay." He recommended that the department be reformed to make it more efficient and better "able to give a civil answer to a civil question in a reasonable time."[133] No doubt Dr. Elliott of the Moose Mountain riding would have agreed, as he addressed the local electorate on questions of the day, starting with "the extravagance of the Government" in view of "the turn down the District here got on the Telephone."[134]

The government was not ignorant of these problems. Writing in 1909 with regard to a delayed shipment of poles to nearby Lumsden, which was causing serious loss and inconvenience, Walter Scott instructed James Calder to look into the situation generally. "A bad impression will be created," acknowledged the premier, "if these Rural Companies are held up by the failure to obtain supplies for which the Government is responsible when they are ready to use them."[135] A major difficulty lay in stock-piling sufficient quantities of poles. Because of the high demand for these items by increasing numbers of companies, which also caused an administrative backlog in the provincial capital, the stocks on hand in the government stores disappeared almost as quickly as they were acquired. To deal with the problem, James Sutherland offered two solutions: 1) that the department's supply yard at Regina be enlarged to handle greater numbers of poles; and 2) that a separate spur of the CPR be run through it for more efficient delivery and distribution.[136] These recommendations were partially implemented in 1910, when additional land was leased at Portage la Prairie, MB, to facilitate the dispersal of poles by rail among rural companies in Saskatchewan.[137]

Yet the difficulties persisted, which suggested deeper problems than just a shortage of supplies. This probably explains why at its annual convention in 1911, the provincial Grain Growers' Association voted—after two years of silence—on a new resolution calling for public ownership of rural telephones in addition to the long-distance trunk lines.[138] Although the result was a split ballot, with 92 votes cast each way, it emboldened Conservative MLA A.B. Gillis to introduce a motion to the same effect in the Legislature just three days later. He argued that the meager assistance given to the farmers' companies discriminated against the rural population, especially when weighed against government ownership and operation of telephones in urban centres. Furthermore, he claimed, the development of farmers' systems had proceeded so slowly because the "regulations pertaining to the formation of rural companies were very onerous."[139] No doubt that position would have met with approval from individuals like W.T. Balfour of the Boggy Creek Rural Telephone Co., G. Spring-Rice and Dr. Elliott, each of whom had a bone to pick with Regina over this very issue.

Speaking in the Liberals' defence, J.A. Calder frankly admitted that "the consideration which had led the Government to adopt its policy was the question of cost." "It had been shown," he continued, "that in several states of the Union [i.e., the US] the same system was working satisfactorily and that the farmers there were getting the system at low cost."[140] Besides, added Liberal MLA George Langley, the principle behind the provincially owned telephone system was that it should be self-supporting. In short, he did not believe

> *in the Government giving every man everything he chose to ask for whether in the city or the country. He believed in helping people to help themselves.*[141]

Langley also observed that under the existing policy "the government was relieved of the charge of discrimination" that the Opposition had just leveled. But this argument was, in reality, far less relevant to the welfare of rural telephone users than it was to the political fortunes of the Liberal party.[142]

Gillis' resolution was duly defeated in the House. It fared no better among Saskatchewan voters in the general elections in 1912, when part of Frederick Haultain's Conservative platform called for "the inclusion of rural telephones in the provincial telephone system and the placing of the whole system under the control of an independent commission."[143] Judging from the result of the vote that summer, "Haultain's pledge ... must have fallen on deaf ears."[144] The Liberals were returned to office with 40 seats, while the Opposition party was reduced to seven. Discouraged by his party's third successive defeat at the polls, Haultain retired as Conservative leader in Saskatchewan and returned for the time being to the practice of law in Regina.[145] The Scott government's victory at the poles, on the other hand, was owed partly to the success of its telephone policy, which the premier viewed as a key achievement of his administration and a major item in his campaign for reelection. But J.A. Calder's assertion in the debate of 1911, that rural companies could construct, operate and maintain telephone lines at lower expense than the government was questionable. Yet it was upon this claim that much of the Liberals' policy hinged. As Dufferin Spafford points out, if the mutual companies actually possessed a cost advantage, it could be explained by reference to donated labour and quality of service. Because the rural telephone system was conceived primarily as a means of connecting the farmer with a nearby market centre, the

> *quality of line serving this purpose alone could be lower than one which was intended to be used extensively for long distance messages. [On the other hand, a] company which owned both the rural and long distance lines would have the incentive to build the rural lines to a standard which would have encouraged the use of (and therefore the revenue from) long distance service.*[146]

Although Calder had failed to see the flaw in his own argument, S.P. Porter had not. He had detected the emergence of a disturbing new problem that threatened rural telephone development under the Liberal plan if not resolved promptly. In 1911, the deputy minister admitted openly that it was difficult to keep up with the escalating demand across the province for building long-distance lines, installing local exchanges and assisting rural systems, let alone supplying the latter with poles and other aid free of charge. Chronic shortages of department stores were only a symptom, however, of a more serious ailment. His diagnosis was that the rapid growth of business on all three levels would soon necessitate a steady increase in the amount of provincial investment "if the demand for service is to be in any fair measure met."[147] Porter implied, in other words, that the government was reaching a point where it no longer could afford to assist the rural companies directly and sustain its program of long-distance construction at the same time. If things continued as they were, one or the other would have to be sacrificed.

Still, it was undeniable that the success to date of rural telephone development had verged on the spectacular. By 1913, a total of 337 farmers' companies had been incorporated, with 7,554 pole-miles of line, 8,024 subscribers, and a total capitalization of $1,021,485.[148] Because these were purely joint-stock concerns financed by subscriptions from local users to pay for construction, "there was no outstanding capital indebtedness." Better still, almost all of these firms had managed to erect their systems in the summer months before the onset of winter, at an estimated capital cost per mile of $145 to $215. (The actual amount depended on the number of circuits.) This estimate included the price of poles supplied from government stores, which had reached a total value of $950,368.[149] To be sure, observed D.C. McNab, the department's Inspector of Rural Telephones, some cases were reported in the early years "of there being those [farmers] who would not be persuaded into seeing the necessity" for local service. But, he added, a "fuller knowledge of the provisions of the Rural Act together with the example furnished by systems created and operating has encouraged many districts to undertake the erection of rural lines."[150] Ultimately, though, that encouragement was due to the surge of prosperity that Saskatchewan enjoyed in the boom period prior to 1914, the ready cash earned from a succession of bountiful harvests during these years "having removed the only hindrance which many districts felt stood in the way of their undertaking successfully along with their other obligations the creation of a rural telephone system in their community."[151]

Looking back from his perspective in 1924, D.C. McNab applauded the achievement of his predecessors. They had forged a harmonious relationship between the department and its constituents to which "may be attributed in great measure the satisfactory condition in which telephone affairs in the Province are found at present."[152] But, he noted, the experience gained in the early years of rural telephone development also had exposed two chief weaknesses of the original Act. The first was securing an average of one subscriber per mile as required by the department's regulations before a grant of poles would be made by the government. That problem was due largely to unoccupied lands held by non-resident owners. The second was securing capital, as the money required had to be deposited in a chartered bank by the mutual companies before any building could begin. This was due to the restriction imposed on these small firms to find the funds necessary for the construction of their system within the circle of their own subscribers. The intention was for farmers' companies to operate debt free for local convenience, and not from any "dividend-earning inclination." Hence, they were prohibited from attracting outside capital.[153] So just as Porter had predicted in 1911, the time had come when Regina no longer could support directly the development of both rural telephones and long-distance.

To resolve these issues, the Rural Telephone Act of 1908 was replaced in 1912-13.[154] The department argued that unoccupied lands past which a system had to be built should bear part of the cost of construction. It also maintained that some method should be devised to distribute building costs over a term of years.[155] Thus the new legislation embodied the main features of the original Act, but with an additional clause that farmers' companies incorporated under its provisions could issue debentures (or bonds) to finance construction of their lines. This money was to be repaid by a tax on all quarter-sections of land past which the local circuit ran, at a rate determined by the rural company, whether or not a telephone was installed on the property. A list showing the taxes levied against each parcel was then to be entrusted to the rural municipality, which was made responsible for collection. Debenture issues were limited in amount, meanwhile, to $350 per pole-mile of line, with a maximum term of 15 years at an annual interest rate of no more than 8 percent. Companies also could raise share capital, though not more than $10 per pole-mile, to cover organization expenses. The Telephone Department still exercised its powers of inspection and supervision of the organization, standards of construction, and finances of the rural companies, as before. But in late 1913, when the Local Government Board was established with powers to pass on applications by local authorities to raise money through the sale of securities, the rural companies fell under its jurisdiction.[156] The policy of providing free poles was discontinued as well, thereby relieving the government of all direct financial assistance to rural development. This new structure remained essentially unchanged until the mid-1940s.[157]

The debenture feature of the 1913 legislation, writes Dufferin Spafford, "was designed to overcome the shortage of capital in the agricultural community."[158] As J.A. Calder had observed the previous year, the requirement under the old Act that farmers' firms raise the necessary funds prior to construction "had prevented the organization of companies in many districts where were in crying need of telephone extension." Hence, the real purpose of the new arrangement, he continued, "was to remove this difficulty."[159] The legislation also appears to have borrowed from a resolution passed by the Union of Saskatchewan Rural Municipalities in spring 1912. This stated that large lots of land held by speculators made it impossible for companies to meet the department's rule of one subscriber per pole-mile. In its place, the meeting had proposed a tax of $25 dollars to be charged against each unoccupied quarter-section that bordered a rural telephone line.[160] Calder had endorsed the idea in the Legislature, saying that he "fully agreed that the lands in question should be made to bear their share of the telephone cost."[161]

But the government also seems to have anticipated that financial houses would hesitate "to accept this new form of security ... before subjecting it to closer scrutiny."[162] Hence, it made the repayment of debentures a charge upon the land, not companies or individuals, in order to reduce

> *the timidity with which capital the world over hitherto seemed to have viewed investment in rural telephone extension work. Its repayment was not to be left to chance or caprice or personal convenience but was assured*

> *so long as land continued to have value and that time will not be ended so long as houses are required for the people. Nor was responsibility for repayment to be shifted from any cause but would remain an obligation upon the rural field the meeting of which it might not through any means evade.*[163]

In due course, this novel security gained acceptance. Having this means halted all direct financial assistance to farmers' companies, the department acted from this time forward only in a supervisory capacity. The government similarly disclaimed all responsibility for repayment of telephone debentures issued by rural firms.[164] "The status of the companies, from this point of view, was [now] similar to that of any private, though regulated," enterprise.[165] The new legislation thus dramatically changed their former relationship with the government. It was the view of G.B. Munnoch, who completed an investigation of the provincial telephone system for the Anderson government in 1930, that

> *the Debentures were sold to the purchasing public on an understanding that they would be repaid by way of money raised by taxation which places a direct responsibility on the Government of Saskatchewan… . There is no doubt that the Government supervision was the factor that induced investors to purchase the Debentures of Rural Telephone Companies.*[166]

Although he might have overstated the case, it was obvious by any interpretation "that the New Act left the government more deeply committed to the fortunes of the rural companies than it had been under the older legislation."[167]

CHAPTER SEVEN

GROWING PAINS, 1912-1924

FOLLOWING ITS FOUNDATION IN 1908, the Department of Telephones had taken great strides toward the development of a provincial telecommunications network to match Saskatchewan's rapid economic growth and burgeoning population in the boom years prior to 1914. On the eve of its entry into the business, local service was minimal at best. Rural connections, by any standard, were virtually non-existent. Almost as limited was long-distance circuitry, which was provided by only two firms, Bell Canada and the Saskatchewan Telephone Company of Moose Jaw. In all, just 492 pole-miles of line had been erected in the province prior to 1908, while no more than 3,250 telephones were in use. With a current population of 300,000 people, this amounted to one instrument for every 92 inhabitants—not a promising ratio. As Francis Dagger had emphasized in his report to the Legislature, the modest range of service provided at the time by the various independent systems in the province was inadequate to the expanding needs of Saskatchewan and utterly disproportionate to its explosive development. He had been just as emphatic about the "supreme importance" of rural telephones, recognizing an urgent necessity for connections between farm communities and their market towns. But that necessity, he had warned, was unlikely to be met by private enterprise, owing to its unprofitability.

After passage of the Liberals' three telephone bills in spring 1908, the situation criticized by Dagger had changed dramatically over the next five years. By 1913, the government had completed 2,679 pole-miles of trunk lines, in addition to the 492 pole-miles acquired by purchase with the rest of the Bell system and other privately owned plants in the province. Not only were all of Saskatchewan's major urban centres now connected by telephone, but the government had begun to collect substantial revenues from its monopoly control of long distance, including $33,363.61 from calls to Manitoba that year alone. In fact, the escalating use of telephones across the province was evinced by the number of long-distance messages, which had increased by 38 percent just since 1912. Another 7,554 pole-miles of line had been erected according to departmental standards by 337 farmers' mutual companies that had incorporated under the Rural Telephone Act. Meanwhile, the 9,248 subscribers enrolled in the various private, local and rural systems, added to the

SaskTel Archives
Dugold C. McNab, Deputy Minister, Bell

14,826 patrons served by the government-owned trunk lines, gave a total of 24,074 telephones in Saskatchewan.[1] With a population now approaching 550,000 people, which made it the third highest in all of Canada, this amounted to one instrument for every 23 residents. That represented a substantial improvement over the previous ratio of 1908, and placed it well within range of the approximate national average of one device for every 15 Canadians. Yet developments in Saskatchewan still lagged behind the progress being made in Ontario and Quebec. "In telephone mileage and the number of telephones in use," admitted the Regina *Morning Leader*, the province "does not stand so high, but it is rapidly forging to the front in these respects."[2]

Otherwise, the Scott government's only real disappointment during this initial period of growth had been the failure of its municipal telephone legislation, rescinded in 1911. That, together with the purchase of the private systems at Regina, Moose Jaw, Saskatoon and elsewhere, had compelled a reluctant department to take charge of the local exchange business. But this proved to be a blessing in disguise, for it strengthened the government's control of long-distance service, as well as aided in the construction of farmers' systems and their connection to the provincial plant. Thus all things considered, wrote a reflective D.C. McNab in 1924:

> *The policy of helping those prepared to essay the effort and assume some responsibility in helping themselves effected a combination of effort that made possible the creation of the highway for conversational traffic that so well serves the people within the Province and has not failed to attract interest and commendations of those beyond Provincial limits who are interested in extension of telephone service.*[3]

The *Canadian Annual Review* concurred with this assessment, observing of Saskatchewan's remarkable achievement "that the experiment of government ownership in this particular case had worked out well."[4] It certainly had outdone the other two prairie provinces, while its performance had far surpassed the private plants of eastern Canada in overcoming the traditional barriers to telephone use of geography, low population density, and relatively small per capita incomes. "Clearly," write historians Armstrong and Nelles,

> *the Saskatchewan method of government control over major exchanges and trunk lines, linked to a network of government-aided rural cooperative companies, worked more effectively as an instrument of telephone diffusion than the centralized, wholly government-owned systems in Alberta and Manitoba or the lightly regulated private systems in the Maritimes and Quebec.*[5]

SAB RA248
George A. Bell, Minister 1913–18

Yet these were not always years of smooth sailing for the department, as the constant trickle of consumer complaints that it received about "this blessed telephone" in the early days attests. For the most part, grievances related to the extension or interruption of service. In one case, the government workmen installing the village system at Bredenbury accidentally severed the farm lines just outside the corporate limits. As a result, connections were broken to both grain elevators and about 20 rural subscribers, who "wanted to arrest the men who cut the wire." "Don't you think you had better tell the Boys there not to interfere with our lines coming into Bredenbury?" wrote an angry resident to J.A. Calder.[6] Smarting from this rebuke, the telephone minister promised to repair the damage with an assurance that it never would happen again.[7] This also made him more receptive than usual, it seems, to local suggestions about a location for Bredenbury's new central office.[8] On another occasion, Harry S. Woodward of Bethune contacted Walter Scott on behalf of Harold Fisher, the town pharmacist, who was anxious to know just when the department planned to install the long-promised public telephone in his drugstore. "Stir up 'Sid' Porter with a club (if necessary)," snapped Woodward, adding for good measure that "the regulations promulgated by your Telephone Department [on such issues] strike terror into the heart of the unsophisticated. I implore you to relieve Mr. Fisher's mind in this matter."[9] The premier promised that Fisher's telephone would be connected promptly, excusing the delay on the department's increasing volume of business.[10] Much the same answer was given to P.M. Aiktow of Aiktow, F.M. Sclanders of Saskatoon, M.L. Robson of Maple Creek, and S. Loptson of Churchbridge, who had enquired about long-distance construction near their respective towns or the installation of new exchanges.[11] As J.A. Calder explained to one of these men in May 1913, "so many applications for new 'phones have been received recently that the Department finds it necessary to provide extensions to the existing plant at considerable cost." He gave assurances, however, that "this work is now being proceeded with."[12]

But 1913 was a watershed for Saskatchewan telephones in other respects, too, starting with the fact that they became a separate government portfolio that year with a new minister to head it, George A. Bell. Born in 1856 and educated in Ontario, he had been a blacksmith by trade before his first election to the Legislature in 1908 as Liberal MLA for the riding of Estevan. He was named Minister of Telephones and Provincial Treasurer on 19 August 1913.[13] That J.A. Calder, the former head and most senior member of the government after the premier, was shifted to the parent Department of Railways and Telegraphs suggests that this portfolio still remained the Scott administration's chief priority. At the same time, Dugold McNab was confirmed as Bell's Deputy Minister, having succeeded Sydney Porter the previous year.

In addition to these changes, 1913 saw the enactment of new rural telephone legislation. This authorized farmers' companies organized under its provisions to issue debentures to finance construction of local systems. The same legislation freed the Department of Telephones from direct financial assistance to these cooperatives, over which it now assumed a supervisory role only. The provincial government had recognized finally that it could no longer afford to build long-distance trunk lines and at the same time provide rural firms with poles or other aid free of charge. Already in 1912 the public debt had reached $8.5 million of which $3 million had been spent on telephone construction.[14] Investment in, and continued development of, the system was justified, however, "as a measure that would enhance the security [i.e., credit] of the province and strengthen its position as a borrower, thus giving strength to the whole economic structure of Saskatchewan."[15]

Yet the compromise worked out by the new legislation pleased almost everyone. Regina kept the lucrative long-distance revenue itself, while rural people "ran their own show, which they liked."[16] To be sure, the use of debentures complicated the application process for incorporation, especially where extensions of existing local systems were desired. The Echo Rural Telephone Company discovered in 1913, for example, that seven months now were required to complete the procedure instead of a few weeks as before. In addition to the customary paperwork that accompanied a petition for organization, the bond amount had to be reviewed by Regina, approved by the new Local Government Board and sold to a willing creditor.[17] All of that required extra time, which led to at least one case of fraud as the former secretary of the Nadeauville Rural Telephone Company attempted to short-circuit the process of incorporation.[18] But the new regulations had three major advantages. First, farmers' telephone charges, at a rental fee of $18 or less per year, did not reflect additional hidden costs. They covered only operation and maintenance. Second, debenture repayments came out of land taxes collected by the rural municipalities at a rate of approximately 10¢ per day per subscriber—"a cost," noted D.C. McNab, "far under value derived from the use of the convenience."[19] Third, and perhaps best of all, was the fact that

> *because the subscriber ... finances the capital investment necessary himself to establish the service which he deems he needs, as well as the current expense required to make the service effective, ... in making his debenture payments and meeting his annual rentals, he is providing only for the cost of a convenience which he himself desired to have and the benefits of which he enjoys – that and nothing more.*[20]

Not only did this arrangement appeal strongly to the frugal and self-reliant farming mentality of the day, it encouraged initiative in telephone construction in those rural districts that could not afford it hitherto. After all, observed homesteader George Shepherd, "it took years of privation and hardship before individual farm families could enjoy the amenities of life."[21] Now permitted to attract venture capital, in the closing months of 1913 alone

86 new farmers' companies were organized, incorporated and authorized to issue debentures. They represented an additional 1,385.75 pole-miles of system and 1,471 more subscribers.[22] This growth rate continued steadily over succeeding years until, by 1924, there were 1,185 rural systems in operation under local management. "Perhaps in no other way," mused D.C. McNab in reflection on what he termed the "transparent advantages" of the new Act, "could the rural field have been so rapidly covered."[23]

Two final features of 1913 had to do with the establishment of domestic telephone rates and changes in the publication of provincial directories. If a primary concern of those who form public policy has always been the extent to which the telecommunications sector is a natural monopoly, "a secondary concern relates to the structure of rates charged for the various services by telecommunications firms." Are these rates efficient and equitable? If not, what would be a desirable change in the tariff structure?[24] Prior to 1914, regulatory agencies did little to modify private rates or limit the earnings of the companies. Nor did government ownership initially alter this fact. As Armstrong and Nelles point out, "even on the prairies the Bell telephone rate schedule survived the transition from private to public management."[25]

In Saskatchewan, this was the result of a deliberate policy decision. When the Scott government undertook in 1908 to provide telephone service it was with a determination that whatever program was embraced would be self-supporting. The overall objective, notes Dufferin Spafford, was to break even on operations.[26] Hence, Regina had taken the prudent course of adopting the Bell rate schedule without a single change. Even Francis Dagger had put aside his personal animosity toward the telephone giant long enough to recommend that the Bell tariffs be retained temporarily, in the confidence that these would decline eventually under public ownership.[27]

In fact, not only were Bell's long-distance rates followed from the outset, but when the Liberal government took over the local exchange business, it kept the corporation's rates for that kind of service, too.[28] This included the tariff differentials of the Bell schedule between business and residential telephones, and among exchanges of different sizes.[29] In some places, such as Yorkton, rates actually fell to the relief of local subscribers, because the former owners of the town system had charged considerably higher tariffs than the Bell monopoly. At all events, when asked in 1910 by Toronto lawyer A.J. Anderson for a comparison of prices before and after the government takeover, Premier Scott replied: "I may state that the telephone rates now prevailing in Saskatchewan are the same as when the system was operated by the Bell Telephone Co."[30] This was confirmed in February 1912 when J.A. Calder stated in the Legislature that the current business tariff for telephone service in Regina, Moose Jaw and Saskatoon—based on the Bell schedule—was $35 for wall sets and $37 for desk sets. Residential rates for the same instruments were $25 and $27 dollars respectively, while charges were $5 lower in the smaller cities and towns.[31]

Although comparative data is scant, it appears that the domestic tariffs in Saskatchewan were among the highest nationwide in 1913. Some people certainly agreed, for in any human endeavour involving money or position, however equitably the rules are applied there are always individuals or groups of individuals who believe they merit special treatment. Hence, in May 1910 Alfred H. Woodman, secretary of the Royal Society of St. George at Prince Albert, wrote to demand a lower rate for the telephone installed in the group's rooms.[32] "I would point out to you that this 'phone is never used, except in the evenings," claimed Woodman, "and then only two or three times a week at the outside, and we consider that in this case, we should certainly not pay more than a private dwelling." Other fraternal organizations at Prince Albert, he added in support of his argument, also objected strongly to the higher business tariff that they were being charged. But, he threatened, "if the Department cannot do anything then the only recourse that we can have is to get the matter brought up in the House, at the next Session, and I am sure that the Hon. President of the Society, Mr. J.E. Bradshaw [Conservative MLA for Prince Albert] will be only too pleased to air our grievance." Refusing to be bullied, however, J.A. Calder wrote back politely but sternly to say that "we cannot make any exceptions as to charges for telephones."[33] In fact, equity was a major principle with the telephone minister, as Dr. Sahlmark was informed more gently in reply to his inquiry about instituting automatic night service at Saltcoats. Although Calder acknowledged the desirability of keeping the central office open 24 hours a day in view of the town's importance and proximity to the Manitoba boundary, if the department extended the hours at Saltcoats, it "must do it at every other Exchange throughout the Province."[34] The price of that would be prohibitive.

The telephone minister stood his ground just as firmly after abolishing the pass system in 1908, whereby Bell Canada and other companies had provided free telephone service to certain agencies on a limited basis. "He foresaw constant trouble for the government," explained Premier Scott, "unless this rule were enforced from the very start, and all our Departments and officers and members and Ministers when using the telephone have to pay the regular rates."[35] Consequently, although many MLAs "were very persistent in their demands for a continuation of the system," Calder refused to back down. He likewise rejected requests from the Lieutenant-Governor and the Dominion Meteorological agent at Moose Jaw for special dispensation.[36] Only the Saskatchewan School Inspectors' Association seemed to appreciate the problem.[37] The minister was very sympathetic, on the other hand, in cases where rates charged by the local toll office were clearly exorbitant in comparison to tariffs for the same service provided at government-owned exchanges.[38] To most Saskatchewan residents, however, "rates charged were of less importance than the effectiveness of the delivery system."[39] Moreover, unlike Alberta and Ontario, where tariffs had been kept artificially low only to be increased steeply that year to meet expenses, not until 1917 did "cost spirals" in Saskatchewan's publicly owned system compel the Department of Telephones to canvass the government for higher rates.[40]

But it appears from the outset that people would have paid almost any price for service that connected them to their markets and the government's trunk lines. Though perhaps a minor detail, one indication of the prevailing attitude may be the rapidity with which the department revised subscription lists and issued successive telephone directories in the early years of operation. The first of these volumes appeared in July 1909. Hardly more than a

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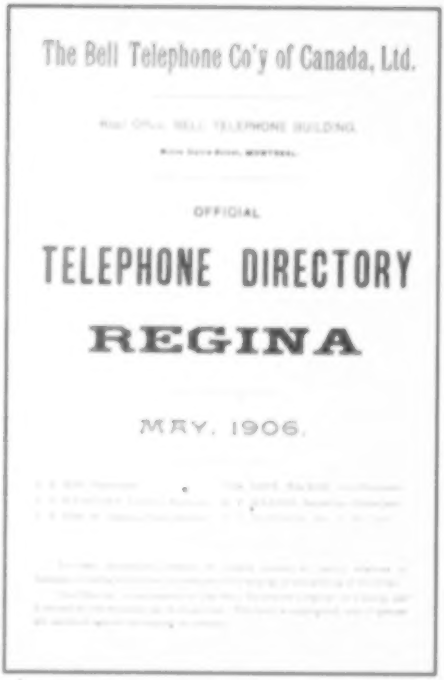
Telephone use grew rapidly. In this 1906 Regina directory, there were only nine pages of users.



The Bell Telephone Co'y of Canada, Ltd.

OFFICIAL

TELEPHONE DIRECTORY

REGINA

MAY, 1906.

booklet, its 60 pages included the names of all Saskatchewan residents who subscribed to the provincial system. A second directory followed in March 1910 and a third, at 120 pages, was published in September, barely six months later. This established a regular pattern for the next few years. Not only were updated books issued twice annually, but the length of every other edition grew, it seems, in direct proportion to the numbers of new subscribers. Hence, Directory No. 5 (September 1911) at 246 pages was four times longer than Directory No. 1, while Directory No. 7 (October 1912) at 400 pages was six times longer.[11]

In 1913, this pattern changed in one important detail. Directory No. 8, which appeared in May, was the last comprehensive edition to list the name of every subscriber to the government system. In September, Directory No. 9 was issued for the northern division of the province only, "the increased number of subscribers making it necessary to publish the book in two parts."[12] (Directory No. 9, southern division, followed in January 1914.) Thus, two years before the Department of Telephones divided its territory into separate districts for administrative purposes, it had begun to recognize that the provincial plant was becoming too large to control from a single centralized point. The change in the publication pattern of its directories was an early step in that direction.

TRIUMPHS AND TRIBULATIONS, LONG-DISTANCE

During the decade from 1914 to 1924, work progressed on the provincial telephone plant at a remarkably steady pace. But the onset of a global recession and the outbreak of European war at the very beginning of this period threatened to derail plans for the further extension and improvement of the long-distance system. Hitherto, the only real crisis the Department of Telephones had experienced was the destruction of its flagship exchange by the Regina cyclone of 30 June 1912. Then as now, tornados were not uncommon on the Saskatchewan prairies. And though it seldom happened, it was not unheard of for one to level a country town or village. In his memoirs, homesteader D.E. Macintyre recalled a spring day in 1908 when a twister swept through Tuxford, causing considerable damage to buildings and sidewalks, but without harm to human life. He even profited from the event by

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The remains of the telephone exchange following the Regina Cyclone, 30 June 1912

taking photographs of the wreckage, which he turned into postcards for sale at his store![43] Regina was no mere speck on the map, however. As a provincial capital and seat of government, a thriving commercial centre and an important railhead, it was a major Western city of over 30,000 people. Hence, a natural disaster was bound to affect it far more seriously than a small place like Tuxford.

The devastation wrought by the cyclone was, indeed, dramatic as it tore through the heart of Regina from south to north at 4:50 p.m. "During … three minutes of horror," writes historian John Archer, "500 buildings were destroyed."[44] The tornado caused up to $4 million worth of property damage—a huge sum for the day—claimed 28 lives, injured 200 more and left 2,500 citizens temporarily homeless. It not only demolished one of the city's most prestigious residential districts, but also virtually destroyed a large section along Lorne and Smith Streets south of Victoria Park as it cut a swath three blocks wide and 12 blocks long.[45] Damaged as well were many churches, public buildings and the CPR's freight yards, while the funnel cloud had passed so close to the newly finished Legislative building on its way across Wascana Lake that all the windows were blown out on the south side. This resulted in heavy damage to many agency offices, including the Department of Railways and Telephones.[46] The event was almost enough, quipped historian Grant MacEwan, to take Saskatchewan minds away from the provincial elections, called for 11 July just days later.[47]

One victim of the storm was the old telephone exchange, situated directly in its path on the corner of 11th Avenue and Lorne Street, not far from where

SaskTel's head office stands today. It was obliterated instantly, along with much of the external plant. That afternoon, a serviceman, a janitor and eight operators under the direction of Chief Operator Miss Emellia Lobsinger, were on duty when the tornado struck.[48] "The building shuddered and shook for an instant," reported the *Morning Leader*, "then the roof ripped loose, and the south wall crashed in, flattening the building to a heap of twisted timbers and shattered bricks."[49] When the roof caved in, a number of the operators rushed for the basement. Several made it, but one or two others were caught by the tumbling débris.[50] Suddenly, the massive, 15-ton central battery switchboard crashed through the floor into the basement. Three of the women, still sitting at their posts with headphones over their ears, were carried down with it. The rest of the staff was trapped beneath the collapsed roof and walls of the demolished exchange. Though all nine operators and both men were shaken up and slightly hurt by falling rubble, none suffered serious injury.[51]

The Telephone Department responded swiftly to the emergency, earning high praise for its efforts from the local newspapers. Despite numerous predictions that it would take weeks, even months to restore service,[52] the department had restored long-distance communication with points outside the stricken city within 24 hours. "[O]ut of the chaos of tangled wreckage of overhead wires," reported the *Morning Leader* on 2 July, "a temporary service on long distance lines to Moose Jaw and points west has been effected." Connections to Winnipeg and points further east were completed later the same day.[53] By week's end the department also had installed a makeshift central over the CNR freight offices at the corner of Albert Street and Dewdney Avenue, using a temporary switchboard that had been rushed from Montreal to Regina by train,[54] though it was several weeks before this could be brought fully into operation. Years of good relations between the department and the CNR had thus proved their worth in the crisis. In fact, no sooner had M.H. McLeod, the railway's manager at Winnipeg, learned of the tornado than he telegraphed J.A. Calder to say: "Will be very glad that you use our freight office for temporary quarters, for telephones."[55] Immediately accepting this generous offer, Calder wrote in reply: "We are indeed very grateful for your kindness in coming to our aid."[56] Local service was restored at last on the night of 11–12 August via a temporary central office, situated on a lane between South and Lorne Streets at 12th Avenue. This structure stood next to the site chosen by the department at the corner of Lorne and 12th for the erection of a brand-new permanent exchange, which was already being planned.[57] D.C. McNab admitted at the time that a large portion of the jerry-built repair work on both the long-distance and municipal lines was provisional only, and would have to be reconstructed during the coming year.[58]

Yet it was Calder's opinion that the destruction of the old Regina exchange "turned out to be a great blessing for all telephone users," because it allowed for a thorough modernization of the existing plant with the latest equipment.[59] As he later recalled, just 36 hours after the tornado a representative of a Chicago manufacturing firm—who had learned of the disaster while visiting Winnipeg—appeared in the minister's office and, "reaching for a small valise, placed a dial telephone on [the] desk." Apparently, Calder had never seen one, and listened intently as the salesman explained the purpose of "this mysterious contraption" and the automatic switching system required to operate it. A day later, the telephone minister was *en route* to Chicago where, over the course of a week's "intensive study," he gathered information on the cost, durability and function of the technology. Back home, Calder was given "the green light" by the provincial cabinet to install full automatic service for local connections in the new fire-proof exchange currently under construction on the corner of 12th Avenue and Lorne Street, facing Victoria Park.[60] Long-distance, on the other hand, would still be handled by a manual, common battery switchboard "of the newest type," to be located on the ground floor of the finished building. A portion of the outside plant also was reconstructed, while the temporary circuits erected in 1912 were either replaced or brought up to standard. At the same time, special arrangements were made for the general maintenance and continuous performance of the modernized system, including the installation of auxiliary generators in the event of a power failure at the city's electrical plant. With the building completed, the automatic switchboard was cut into operation on 17 January 1914. "So far," wrote a cautiously optimistic D.C. McNab the following month, "the public has seemed satisfied with this new method of giving service."[61]

The rest of Regina recovered just as quickly from the disaster, owing in large measure to a government loan of $500,000, borrowed from the Bank of Commerce. By contrast, repeated requests to Ottawa failed to elicit any monetary aid, let alone sympathy.[62] Fortunately, most of the city had been spared by the storm, though property damage was severe in its track. Subsequent reconstruction of houses, churches and devastated areas, meanwhile, accounted for much of the capital's record building spurt in 1912. "The city of horror," reported the *Morning Leader*, "has become a beehive of industry—a juggernaut of determination that her material loss will not deter steady and sure progress."[63] And "within a year little evidence of the havoc remained."[64] Such was the optimism and enterprise of the economic boom during Saskatchewan's formative years, notes John Archer, "that plans for new buildings on the old sites were made even as the debris was cleared away."[65] As one editorial put it shortly after the disaster: "Back of the cloud that came Sunday evening lay the Bigger and Better City. Our people are laying its foundations now."[66]

In 1913-14, the previous period of prosperity came rapidly to a close, as a recession that beset the major industrialized nations of the world caused a deep slump in trade and manufacturing. The effects of this soon settled on the Canadian West, where the sudden collapse of the investment boom of recent years disrupted the prairie economies. Unemployment rose steadily in Saskatchewan cities as the building industry came to a virtual halt. Railway construction, in particular, fell off sharply. As a result, in Regina, Saskatoon and Moose Jaw, an estimated 4,000 men were out of work. The agricultural sector also felt the strain. Already between 1912 and 1914 the total acreage seeded to field crops in the province had declined. This had caused, in turn, fluctuations in the price and yield of wheat to the growing alarm of farmers and government officials alike. Only now did they begin to recognize "that it is economically essential to have something more than grain to depend on."[67] This fact was rendered even more apparent in 1914, "one of those bone-dry years," recalled George Shepherd, when "searing hot winds in July finished off the crop and dealt the optimistic homesteader a body blow."[68] Losses were especially severe in southwestern Saskatchewan. Then as if recession and drought were not bad enough, the Great War began in early August, which further increased the province's economic distress. The combined effects of Canada's involvement in conflict abroad and almost complete crop failure at home brought serious hardship to many Saskatchewan residents in 1914-15, raising questions about their future. It also brought a reduction in the capital expenditures proposed by the Scott administration, as the government sought to economize.

The Department of Telephones was no less concerned by this agricultural, economic and military turn of events, for it potentially threatened to disrupt all future construction and extension of the provincial plant, at least in the short term. After all, Western prosperity during the boom period prior to 1913-14 had been predicated in large measure on continuing economic expansion,[69] which no one had expected to end. This certainly was the view of the department, as expressed by D.C. McNab in 1915. "In each successive year since 1909," he wrote,

> *we have been able to report a very considerable annual increase in the volume of traffic carried over our system. This continuous growth was the result of buoyant trade conditions which compelled an acquaintance with and the use of the telephone as the best means to dispose of business with dispatch. It came to be regarded as an almost indispensable auxiliary by the subscriber and grew in favour with the general public. So that during these years there was a constant demand for extension of the service.*[70]

Everything changed in 1914, however; and over the ensuing year there was only a small increase in the volume of telephone business. This slowdown was directly attributable, McNab continued,

> *to trade depression which, first felt a matter of eighteen months ago has now enveloped most if not all of the industrial and commercial world. Joined to this as an incentive to economy has been the altogether unusual effect produced by the outbreak and prosecution of the war now raging, compelling as it has done a complete change of view with regard to what had formerly been considered as a necessary outlay. People generally have shown a disposition to cut down expense in every possible direction [by canceling their telephone service] with the result that our telephone traffic has suffered along with all other traffic.*[71]

Under present circumstances, admitted the deputy minister, "no great amount of construction work was undertaken during the past year." What had been completed was devoted primarily to the rearrangement of equipment, "which had grown through successive yearly additions into a system comprised of some 15,000 wire-miles of long-distance and of exchange plant to serve some twenty odd thousand subscribers."[72] At least McNab was able to report that in spite of the prevailing economic slump, there had been no significant decrease in the department's long-haul business. In that, he asserted, "we had held our own."[73]

Fortunately for the department's construction plans, the recession was short-lived as the growing demand for wheat and cereals to feed Canadian and Allied armies fighting overseas improved economic conditions for Saskatchewan farmers over the next few years. The weather also cooperated. In 1915, the wheat crop was remarkable. The largest in the province's history, it represented 50 percent of the national total. To be sure, the harvests of 1916 and 1917 were each half that of 1915, owing to hail damage and rust. The crop of 1918 was poorer still, due to a devastating drought.[74] Nevertheless, high farm prices prevailed during the war years, which stimulated agricultural expansion with government encouragement. So volatile was the wheat market that in November 1916 the Saskatchewan Grain Growers' Association even passed a resolution "with respect to the Government furnishing all telephone exchanges having rural exchanges with the prices of grain at Winnipeg." The goal was to enable farmers to gain the best returns from the sale of their crops.[75] As the greatest wheat-producing province in Canada, boasted William Martin, who succeeded Scott as premier in 1916, Saskatchewan could claim "the most extensive unbroken area of first-class wheat land to be found anywhere in the world." And because a very small fraction of the arable land was under cultivation, "there is room for unlimited expansion." Even so, the average yield between 1913 and 1919, despite uneven harvests, was 18 bushels per acre, which compared very favourably with the U.S. average of only 16 bushels per acre.[76]

Yet credit, the premier knew, was required for any kind of expansion, while the ability to pay interest charges on the growing public debt "depends upon our ability to produce."[77] Consequently, Saskatchewan became ever more reliant on a single crop to support its economy, regardless of the early warning signs in 1914. As Martin acknowledged three years later: "We are largely dependent on our agricultural exports to meet our foreign obligations, and it is to an increase of our agricultural population that our manufacturing industries, railways and commerce in general must look for expansion."[78] These other sectors of the provincial economy did not rebound as quickly as Martin had expected, however; they more or less marked time until 1918.[79] Nor did the population grow as he had hoped. On the contrary, the tidal wave of immigration that Saskatchewan had enjoyed prior to 1913 largely ebbed.[80]

But the "splendid recovery" of the agricultural sector was enough to lift the province momentarily out of its economic doldrums. Familiarity with wartime conditions also eased the initial panicky reaction to "the stunning shock given the civilized world" by the outbreak of the European conflict. As a result, the department's construction program was soon back on track, especially as "the demand for foodstuffs and the consequent stimulation of prices enacted upon trade of all kinds and created an activity greatly convenienced by the use of the Government telephone service."[81] D.C. McNab predicted for this reason that "most of our exchanges – if not all of them – will recover the subscribers lost during the years of depression immediately past." Timidity in business venture had disappeared as well, he noted, adding that "with the return of confidence accompanied by the bountiful harvest of the past season we have closed a year more satisfactory than any other in our experience."[82] Although actual extension of the system amounted to only 39 additional pole-miles, five new exchanges and six more toll offices, traffic carried over the government-owned network was greater than before. In all, 1,179,169 long-distance messages were completed in 1915–16, an increase of 285,145 over the number reported the previous year.[83]

The deputy minister cautioned, however, that future work on the provincial telephone system would have to contend with "high and continuously advancing prices for both labour and material," especially with the loss of so much skilled manpower to Canada's armed forces. "It seems very probable," he warned, "that the difficulties arising out of a shortage of both will continue to grow greater during the next few years ahead of us."[84] Until 1920, in fact, this was a constant complaint in the department's *Annual Reports* and general correspondence.[85] In letter after letter, the minister, deputy minister and even premier laid the blame for delays in construction and extension of service squarely on this problem. "Because of the prices for labour and material and the scarcity of both," wrote McNab to William Martin, "it has been decided to reduce our telephone construction to the lowest point." The price of copper, to give just one example, had risen by 115 percent between 1914 and 1916, with a corresponding jump in the total expense of erecting telephone lines by as much as 40 percent in the same period.[86] "No satisfactory work can be secured," he added, "under the conditions which prevail."[87] As the new premier discovered after making inquiries of his own, the cost of tenders alone had forced the department to limit severely its annual building program. This he linked directly to the labour shortage, as a result of which "men were able to get almost any wage they asked for." Consequently, "telephone contractors [who bid on the tenders] were in a position where if they paid the wages that were asked they simply lose money."[88] Hence, he conceded, in each year "it is only possible to spend a certain amount of money and when it costs more to build a mile of telephone, the total mileage constructed must of necessity be less."[89] Nevertheless, wrote Martin in the department's defence, "the telephone system is proving a success and it is only natural that there should be difficulties ... at many points." Where these existed, he advised, "people should not hesitate to complain to the proper authorities as if they do not do this, it might be a long time before the trouble would come to notice."[90]

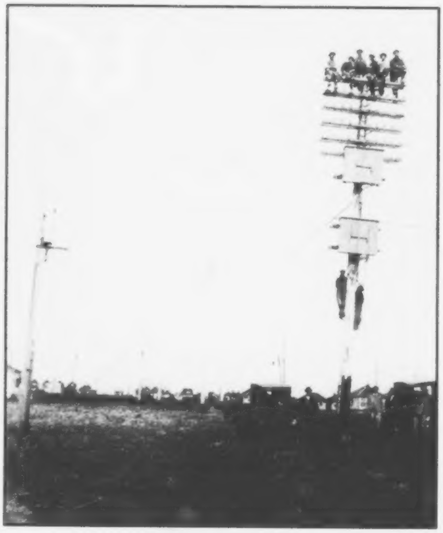
And complain they did, about unsatisfactory service, failing telephone sets, billing procedures (especially for delinquent accounts) and personnel.[91] Occasionally, these grievances turned unpleasant, as in the controversy that erupted at Kuroki, SK, over the appointment of a Jewish storekeeper, Wolf Korbin, as the local telephone agent. Even when he sold his business and the new proprietors assumed the agency, the dispute continued. Not only had the local residents "complained a great deal about the service especially lately now as [the central office] is located in a Jew store," alleged Mrs. T.D. McNamee, the secretary-treasurer of the Kuroki School District who coveted the position. But in a particularly ugly slur she added that if "this is democratic government and if Jews are given preferences ... over Canadians, and people who have lost their best friends in the War, it seems all for nothing!"[92] "We are supposed to have Government by the people for the people," she scolded, borrowing from American political principles, "but this Government [is] for a *few grafters* in this part,"[93] who would be punished for their sins in the next elections. Undaunted by this bigoted vitriol, the department canceled her candidacy for the job.[94]

Yet however much Premier Martin attempted to put a positive spin on the current situation, he could not alter the fact that due to the high cost and scarcity of resources since the outbreak of World War I in 1914, almost "nothing was done towards extending Long Distance lines into new territory."[95] Furthermore, argued D.C. McNab in 1917, if these problems persisted it "must inevitably mean ... an increase of rates to meet increased overhead charges."[96] But for the moment, he asserted, current revenues were sufficient to sustain all maintenance and operation expenditures, "leaving at the end a reasonable sum for reserves." This statement was inaccurate, however, for the department had actually overspent its capital vote for the 1918–19 fiscal year by more than $200,000. Its bank account also was over-drawn by $112,000. The problem was that "everything in the nature of Work-in-Progress is charged against Operating." In addition, discovered the government auditor, the department's books were six months out of date, so that the chief engineer lacked the proper figures by which to allocate the cost of Work-in-Progress to the current Operating and Capital accounts. This created confusion. He recommended, therefore, that a proper record be kept of works authorized, in order that the estimated costs of incomplete projects at the end of the fiscal year could be charged to the appropriation in the ensuing year.[97]

Yet whatever the discrepancies in the department's accounts, McNab returned to his refrain about rising costs in 1919. He stated still more emphatically that although it had not yet been necessary to increase tariffs for telephone rentals, the steady rise of labour and material costs "must inevitably be met by providing means for securing an increased revenue, and, during the coming year, it is contemplated to revise the present schedule of rates."[98] That there is no further mention of a tariff hike in subsequent *Annual Reports* suggests that this was regarded as a last resort. It appears, however, that at small increase was imposed on some exchanges at this date,[99] which remained in effect until 1953.

The department endeavoured to reduce expenditures, in the meantime, by increasing the efficiency of operations. It accomplished this goal chiefly through changes in, or additions to, its administrative procedures. A new "Repair and Inspection" branch was formed, for example, to examine, test and fix (where the cost was justified) all equipment newly acquired by or returned to the government telephone stores. An improved accounting system was devised, as well, in order "to furnish the officials in charge of the construction and operation of the plant [with] the information necessary for the efficient and economical conduct of the business."[100] This included separate accounts for construction, maintenance, renewals and reconstruction, commercial affairs, traffic, general expense and supply. At the same time, employee, agency and district reports were modified to enhance the accuracy of the statistics collected, while a monthly analysis of the maintenance of long-distance lines and local stations also was implemented. The purpose was to compile an efficiency record comparable to a predetermined standard which, pronounced D.C. McNab, proved to be "very beneficial to ... service."[101]

Further improvements followed. The "centre-checking" and "single-ticket"



SaskTel Archives, Z16-05107-18-3
Construction on the east side of Regina (1918)

methods of operating were introduced so that line time could be saved and larger toll offices could exercise more supervision over smaller ones. Additionally, in order to standardize procedures over the entire system, a toll operating rule book was issued to points throughout the province, along with new rate books and routing instructions respectively for Saskatchewan, Alberta, Manitoba and the United States. These guidelines made it possible to reduce expenditures and sustain efficiency of service at the same time. The department even managed to sell its used telephone poles, copper wire, pole leads and other "junk" to raise extra cash,[102] while instead of erecting new buildings of brick as before, it switched to less sturdy frame construction "for the sake of keeping down capital outlay."[103] For similar reasons, negotiations were begun with the various railway companies operating in the province "with a view to obtaining the privilege of temporarily stringing wires on [their] telegraph poles to reach points where the amount of business to be secured will not justify the building of a regular long distance line at the present time."[104]

But perhaps the most significant innovation occurred in 1915, when the Saskatchewan territory was divided into three districts and two sub-districts, each with its own superintendent. That person was responsible for all matters pertaining to service, including the smooth flow of conversational traffic, commercial affairs, maintenance and extension work. The staff required to ensure that business was handled effectively in its several branches was fully within the judgment of the superintendent, who was required, nevertheless, to submit records and pay-sheets to head office in Regina for verification.[105] As Chief Engineer W. Warren explained, this decentralization of activity to different points on the regional level permitted better understanding of local conditions, facilitated the quick and efficient management of work, and substantially reduced the provincial plant's operating costs.[106]

Meanwhile, expansion of the government-owned trunk lines, construction of new exchanges to complete service with rural districts, repairs and general maintenance continued as before, but with one significant difference. The department began to focus less on enlargements to the existing physical plant than on internal improvements. These were required not just by rising costs, but also by ever-increasing levels of business and the "general widening of the use of the [telephone] as a means of communication."[107] Hitherto, confessed D.C. McNab in 1914, work on the provincial system had been largely experimental

> *in the sense that no definite information was available as to what amount of traffic would be offered nor as to the centres toward which traffic would be inclined to flow. These could be matters only of conjecture passed upon such determining factors as location of trade, railway connection between same, volume of trade and general trend of traffic, occupation of people in tributary territory and the probability of their being a telephone using community.*[108]

Since the beginning of operations, however, experience had replaced speculation as the basis of the department's planning. It had learned in particular that simply throwing up lines in new territory did not ensure good telephone service or a reliable network. These results were achieved only by constant renewal and improvement of the system's internal workings.[109]

Consequently, there was extensive reconstruction and alteration of the provincial plant in the years prior to 1924. At strategic points, for example, new exchange buildings were completed and more advanced technology installed in relation to their importance to the system. This work had been completed already at Saskatoon (1912) and Regina (1913). As primary hubs in Saskatchewan's growing telecommunications network, the key centres of Prince Albert (1915), Moose Jaw (1918) and North Battleford (1921) also were refurbished in turn, and supplied with the newest automatic switching equipment as the volume of business grew.[110] For experimental purposes, the technology was installed at Qu'Apppelle in 1919, to determine if it were adaptable to rural service, by connecting eight farmers' systems that converged on the town.[111] By contrast, secondary points such as Weyburn, Yorkton, Saltcoats, Estevan and Arcola were upgraded to first-class status with full-time government-paid staffs, but they were provided with less sophisticated (and hence less costly) common battery switchboards. These were nevertheless capable of giving the full range of service. Extensions also were made to the "outside" plant in many towns and cities, including the installation of underground cables to replace the jumble of wires above urban streets, and the distribution of new telephone sets compatible with the switching mechanism of the nearest exchange. Small central offices in villages like Earl Grey, Assiniboia, Kinistino, Unity and Asquith, which served a largely rural clientele, continued to use the older manual boards and magneto telephones for the time being. This technology was both sufficient for their limited needs and cheaper to operate. Even so, considerable work was completed at various sites throughout Saskatchewan to connect farmers' companies to larger exchanges. The location of many toll offices also changed for that reason.

At the same time, the department steadily improved its long-distance circuits through external and internal expansion of the provincial plant. By 1915 Saskatchewan subscribers enjoyed telephone connections not only with 1,500 different points in Alberta and Manitoba, but also with Montana, the Dakotas, Minnesota, Wisconsin and Illinois.[112] Winnipeg received the greatest number of calls outside the province, however, since it continued to be the financial and distributing centre for Saskatchewan. A thorough study of the existing plant within the province, meanwhile, led to the rearrangement of traffic to enhance efficiency of service and reduce the time required for messages to travel from one station in Saskatchewan to another. Specifically, the department began to erect new cross-country circuits after 1917, in order to relieve the congestion along major lines and shorten exceptionally roundabout routes.[113] This year, incidentally, also saw the heaviest construction to date, with the addition of 13,500 pole-miles of line, 62 new exchanges and 16 more toll offices.[114]

Furthermore, the alteration of wires along certain sections of the system allowed "phantoms" to be installed, which augmented the number of lines without enlarging the wire mileage or material costs. "It is the intention," wrote Chief Engineer W. Warren in 1916, ever mindful of the government's continuing need to economize during the war years, "to increase this class of circuit wherever the physical conditions warrant."[115] Another improvement was the steady introduction of direct-dialing in the aftermath of successful trials at Regina in 1914. In fact, within eight years this new technology had been installed on the long-distance lines linked to 54 of the government's 296 exchanges. This enabled them to complete connections to their respective toll offices without assistance from an operator at the other end of the line.[116] Finally, the government carried on its policy of purchasing private systems as they became available, in order to widen the provincial network.[117] In the process, it acquired four of the original town systems that had organized under the now-defunct Municipal Telephones Act.

By 1920–21, work on the government's long-distance network had proceeded so rapidly that Saskatchewan, reported D.C. McNab, had "been pretty well covered and we are now situated so that more time and means may be devoted to improvement which will prevent congestion and improve service."[118] "Extension of the system internally and externally," he added, "together with a growing appreciation of the value and advantage of its use adds yearly to the volume of traffic handled." In 1921, in fact, over 7,000 completed messages passed each day over the network, while access to the system was available at no fewer than 435 points across the province.[119] "The demands for new lines and extensions are simply unlimited," declared William Martin, "and we must try to give the people telephone service wherever it can be done."[120] The same year, the department changed the publication pattern of its directories for a second time in response to the growing numbers of subscribers, most notably in urban centres. In addition to the telephone books published as usual for the northern and southern divisions of its territory, individual directories were issued for the cities of Regina, Saskatoon and Moose Jaw.[121] Then starting in 1922, telephone books also were distributed for the three new territorial districts, as the former separation into northern and southern divisions was discontinued. "Altogether," boasted the deputy minister, "daily through the use of our long distance lines, fourteen thousand people at varying distances apart reaching to hundreds of miles were brought into conversational contact."[122]

TRIUMPHS AND TRIBULATIONS, RURAL TELEPHONES

If, in spite of unfavourable conditions produced by economic recession and global war, the government-owned plant had expanded at a surprisingly steady pace between 1914 and 1924, the growth rate of rural systems was exceptional during the same decade. This was due to the provisions of the Rural Telephone Act passed in 1913 and the wealth created by the huge demand for Saskatchewan wheat to feed allied armies fighting abroad. The new legislation was met, in fact, with such enthusiasm from the farm population that by the end of the first year of operation, 251 applications had been made for incorporation. That represented a potential increase of 7,506 pole-miles of line and 7,284 subscribers.[123] Indeed, so many inquiries about the terms of the new Act were received that the department mailed out over 1,200 sets of forms and instructions to interested parties. "The demand for information has been almost universal, coming from every part of the Province," reported the Superintendent of Rural Lines, W.J. Patterson, "and there is at the present time scarcely any town or trading centre in Saskatchewan with which we have not been in communication."[124] Many rural districts desiring local telephone service even sent delegates to Regina to investigate possibilities first-hand.

Only a fraction of the companies organized during the year actually began operations, however, owing to the economic slump brought on by recession and the outbreak of war. They were handicapped still further by the initial reluctance of financial institutions to accept rural telephone debentures, "being new to the investing public,"[125] until this unique security had been scrutinized. Patterson hastened to add, however, that the limited amount of rural construction over the previous 14 months reflected neither the activities of his branch of the department nor "the manner in which the new Act has been received by the farmers of the Province." On the contrary, with a return to normal financial conditions and the acceptance of telephone debentures as a viable form of security, he predicted a greater extension of rural lines in 1915–16 than at any other time since the establishment of the department. In anticipation of that growth, additional "specifications were drawn up ... covering the various classes of construction of Rural Lines, and the material to be used therein."[126]

The superintendent's confidence was not misplaced. By the end of 1915, approximately 170 companies had formed and debentures amounting to slightly more than $1 million had been floated. This "remarkable progress" was attributed to "the exceptionally bountiful harvest of last fall and the need felt for Telephone service particularly in the newer parts of the province."[127] Better still, a considerable market for rural telephone securities had developed. "At the outbreak of the war," recalled Patterson, "the market for these debentures was seriously affected and for a time very few sales were made, but with a return of public confidence and an improvement of financial conditions the market has again opened up and there is at present ... a good demand for telephone issues."[128] In fact, he continued, competition among brokers was already keen, "which would indicate that this class of security occupies a high place in the estimation of financial men throughout the country."[129] One such person was W.P. Sifton of the Royal Securities Corporation, who wrote from Montreal in July 1914 to say that his company was considering the purchase of debentures in Saskatchewan. But without a branch office in the province, by the time Royal Securities received a list of authorizations from the Local Government Board, the debentures were sold already. Was there any way, he asked, to obtain advance notice when a farmers' company applied for incorporation, "as this would enable us to bid, [and] it would naturally broaden the market for securities?"[130] Eager to attract venture capital for telephone development, J.A. Calder offered to provide the names of rural companies as they formed to give Sifton's firm a better chance.[131]

In the meantime, extension of farmers' systems continued at a considerable pace, unaffected, it seems, by the high building costs that inhibited growth of the provincial long-distance network during the war. This contrast was not lost on Deputy Minister McNab. Because of the chronic shortages and escalating prices of both labour and material, he confessed in 1919, "so much Long Distance construction work had accumulated during the past four years" that the department was forced to select very carefully which sections of the plant would be given priority due to the backlog. On the other hand, not only did construction of rural lines go on, encouraged by the Department of Agriculture, it "compelled us to install a great many local exchanges" at points where these circuits converged. This in turn siphoned off already scant department resources, complained McNab, for these new exchanges "have now to be given first consideration in the matter of supplying Long Distance service."[132] The provincial network was becoming, in effect, an auxiliary to the farmers' systems. At the root of this situation was "a noticeable desire on the part of rural communities to connect with larger centres where more business conveniences can be reached rather than with small places used mostly as shipping points." "This sentiment has been encouraged," acknowledged the deputy minister, "because of advantages to both the rural and our own [long-distance] service," even though it was contrary to the Act. The unavoidable result was larger rural systems, higher construction costs and possibly even increased telephone rates.[133]

Clearly troubled by what he regarded as "excessive rural extension work," McNab reviewed the current state of affairs in 1917. Because applications for incorporation of new farmers' companies had reached the department in such numbers "as to make necessary some curtailment," a deadline of 1 May was declared for systems to be built over the ensuing season. Already by that date, however, petitions representing over 12,000 pole-miles of rural line had been received. But the problem of limited resources continuing, the deputy minister had concluded that it would be impossible for this work to be completed on schedule. Hence, "a considerable portion of it must go over to the succeeding year."[134] Owing to "the bountiful returns from their work the farmers of the province do not seem to consider cost," however, and "appear to want the service at any price." Adding to the department's difficulties was the fact that rural systems were built by contract at remunerative figures. The demand for this kind of labour could be satisfied only "by a continual drafting from the staff of our own system through attractive prices offered by contractors." Unable to compete, the department watched helplessly as many of its best people were lured into the private sector by prospects of higher wages, thus contributing substantially to the already heavy workload of the remaining employees. This in turn slowed the pace of long-distance construction and, in particular, rural connection to the government trunk lines, seeing that farmers' systems had to wait for weeks and even months at a time on the outskirts of villages before the understaffed department could install new exchanges.[135]

Nevertheless, the period from 1914 to 1920 was one "of exceptional activity in rural telephone development" throughout Saskatchewan.[136] In 1917-18 alone it exceeded all previous records. As of the May application deadline for that season, there was a program in place to build about 13,000 pole-miles of line. And although it did not seem achievable, 11,000 miles were erected and inspected, 1,000 more miles were finished awaiting inspection, and a further 1,200 miles were under construction approaching completion. As a result, over 35,000 farm homes now had telephone service. This represented "an achievement not equaled in extension of this utility in the rural field in any Canadian province, and perhaps not elsewhere in any territory of like extent."[137] In brief, "scarcity of material and high prices," observed D.C. McNab in 1920, "have not deterred rural districts from undertaking expenditure to secure service."[138]

Much of this growth was made possible by the continuing strong market for telephone debentures, despite abnormal financial conditions during the war. In the three years from 1 May 1915 to 30 April 1918 alone, rural telephone debentures to a total value of $6.5 million were sold. Wartime restrictions imposed by Ottawa in late December 1917 on the sale of most securities brought about a pause the following year,[139] resulting in fewer applications for incorporation of farmers' companies. Even so, 5,000 additional pole-miles of rural line were built, and approximately 6,000 new subscribers were added. But with a return to peace in 1918, the bond market bounced back with its former vigor. In the fiscal year ending 30 April 1920, debenture sales in Saskatchewan totaled $3,654,755—a record sum. More than $2 million were added the following year, and nearly $1 million the year after that.[140]

By 30 April 1922, approximately 907 companies had incorporated under the new Act, while debentures had been marketed in the amount of more than $15 million since it became law. Companies formed under the terms of the old Act of 1908 had diminished in number, in the meantime, from 332 in 1914 to 277 in 1921. Some had reorganized under the legislation of 1913 to take advantage of its fiscal provisions; still others had merged with firms founded under the new Act. Of approximately 2,365 telephone systems in Canada at the time, 1,544 were farmers' cooperatives. Saskatchewan, still predominantly rural, boasted 1,172 of these concerns, which altogether represented 54,000 pole-miles of system and 58,265 subscribers. This was more than twice the number of rural companies in Ontario, the next runner up. As D.C. McNab reported in 1924, the percentage of rural service in the province was unmatched anywhere in Canada, let alone Europe or the United States, except in four states of the so-called "Corn Belt."[141] According to "The Farmers' Bulletin No. 1245," issued by the American Department of Agriculture in December 1922, there was one rural subscriber to every four urban subscribers in the United States. In Saskatchewan, by contrast, there were two rural subscribers for every urban subscriber. Proportionately speaking, the saturation of the rural field was eight times greater in the province than south of the border. Every farm district within reasonable distance of a trade center, declared the deputy minister, "has now been covered."

As of 1921 there were over 91,000 telephones in Saskatchewan. This meant that "if five persons have access to each station then more than half the population of the province enjoys the service."[142] By 1923, the number of instruments had increased to 97,986, representing a new ratio of one telephone for every eight Saskatchewan residents. The national average, by comparison, was one telephone for every 11.6 Canadians.[143] This achievement in relation to the rest of the country was significant, boasted D.C. McNab, considering Canada's reputation among other nations of the day for having "the keenest appreciation of the value of telephone service in all fields of human activity."[144]

Just like the development of the government-owned long-distance plant, however, rural telephone growth from 1914 to 1924 was not problem-free. Perhaps the greatest headache for the department was the failure of many farmers' companies to adhere to its strict building standards. In June 1916, for example, Sidney Porter complained that an inspection of rural telephone construction in several districts from Sturgis to Norquay, along the Pelly Line of the CNR, had revealed that it was far below official specifications. Although he admitted that "we do not … feel like arbitrarily interfering with completed work which is accepted by the people as meeting and satisfying the needs of various communities," Porter stressed that the Telephone Department wanted to maintain a uniform standard for rural systems across the province. At all events, he warned, the poor quality of construction along the Pelly Line "will prevent all chances of our giving connection with our Provincial Long Distance System."[145]

This was no idle threat. In 1917, a small rural company formed to provide local telephone service for 19 residents southwest of the town of Leader was denied incorporation when it failed to meet the department's building standards.[146] A similar result occurred near Canora, where several rural systems serving 200 farmers allegedly were refused connection with the provincial trunk lines, owing to the same problem. "As taxpayers and co-owners of the Government phones," protested D.M. Frederiksen, the local residents "are naturally incensed at this." "They feel about this," he continued,

> *as the boy did when the nurse told him the candy might not taste good when he got it, and therefore he could not have it. The argument did not appeal to the boy. And all these farmers have votes and think they are not getting a square deal. They care less about possible criticism which they themselves might later on make of the phones [as a result of sub-standard construction], than about the much more real fact, that they are now absolutely prevented from using the Government phones in connection with their own. An early reform of this condition would gain you much approval from the farmers of this District.*[147]

Although D.C. McNab denied the allegation, he added that even if these lines had been disconnected, there was an established building standard for the provincial long-distance network. As he explained:

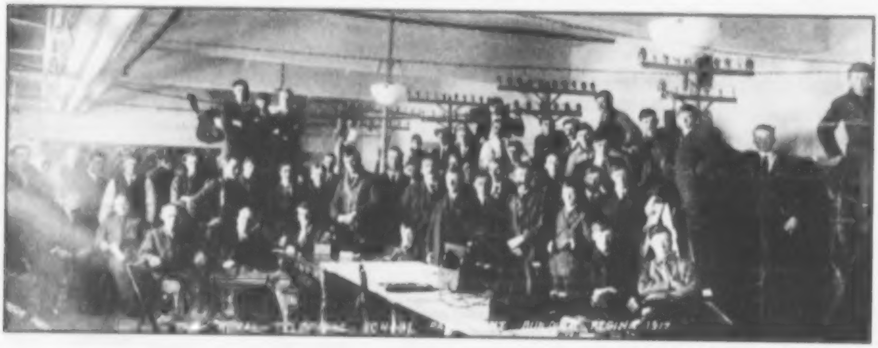
> *This is found to be necessary to insure to the public when they buy service that it will be satisfactory as far as good construction can be made to give it. There is also a standard fixed for Rural line construction which when observed entitles the Company owning the System to connection with our Local and Long Distance Lines. This provision is also found to be necessary to insure to the public that their money's worth in service will be reasonably sure. You will at once recognize that to make expenditures for building and maintaining the standard lines would be useless if the policy were adopted of connecting with lines indifferently built and maintained.*

The choice, he concluded, lay with the community. It "can either build to the standard set by the Government ... and have connection with the Government system or [it] can build a cheaper line to be used merely as a local convenience."[148]

Sometimes, of course, construction inadequacies were the result of misunderstanding, easily rectified, of regulations or departmental procedures. This was the case with Tobias Ratzloff of Waldheim, who wanted to string telephone wires across the CNR tracks from his house to that of a neighbour. That fell, however, under the jurisdiction of the Board of Railway Commissioners in Ottawa. Ratzloff was advised instead to apply for extension of service from the same farmers' company to which his neighbour already subscribed.[149] But in other cases, the failure to adhere to official specifications was due to farmers "who did not in any way apply to the Department for permission," let alone advice, when erecting a local system. Not only was it very expensive "to put [such] lines in something like shape" (costing as much as $7,006 to install a full metallic circuit, or $2,840 for a grounded circuit), but they still fell below standard.[150] The only real solution was to reconstruct the whole system.

It was partly to combat this problem that in 1917 the department opened the tuition-free "Saskatchewan Government Telephone School" for employees of rural companies—"probably the first of its kind held in western Canada."[151] Hitherto, it had been the custom that when government inspectors overhauled or repaired a farmers' system, one of its subscribers went along to "learn for himself how to make the necessary repairs when the same trouble again occurs." At a meeting in Regina of the Union of Rural Municipalities in late 1913, the suggestion was made to formalize this impromptu training by having the department offer regular instruction during the winter months "in the making of ordinary repairs and advising generally on the operation and maintenance of telephone systems."[152] The inaugural class was dated for 13–24 February 1917 in the basement of the Legislative Building, where a complete telephone plant, including poles, wires, a switchboard and a number of telephones, had been installed to provide practical, hands-on training. Letters were mailed to rural companies in the eastern half of the province, inviting each of them to send a representative who would be taught "the whole art of telephony from the moment the poles are put into the ground until the ring of the bell denotes that someone is wanted on the phone." Companies operating in the western half of the province were invited to classes the following year.[153] The division was necessary to avoid congestion and ensure quality instruction.

The school was conducted by R.J. Fuller, the department's Chief Inspector of Rural Lines, and two associates, James Middleton and G.I. McBain. The three instructors prepared various lessons about "how to combat the hundred and one difficulties which beset a telephone system."[154] As part of the training, for example, equipment on farmers' lines that developed transmission defects that could not be handled locally was sent to the school while in session. The instructors then detected, explained and repaired the trouble in the presence of the students. "In this way a practical knowledge is imparted ... that serves well to develop the help capable of meeting the difficulties of rural maintenance."[155] So successful was the first class of 30 or 40 students, in fact,



SaskTel Archives Z1(e)-06539-17-3

"The Rural Telephone School, Parliament Buildings, Regina 1917."

that the department not only continued the program, but also widened it by offering two-week-long courses seven times a year between the end of November and the end of March.[176] Already by 1921, 337 students had attended since the school's opening.[177] It was D.C. McNab's opinion that the cordial relations and growing feeling of interdependence that generally existed between the department and the rural companies as a result of such initiatives would "inevitably tend towards a mutual spirit of helpfulness which will operate to maintain telephone service within our province at its present high standard."[178]

In the *Annual Report* for 1920, the deputy minister described the ordinary working arrangement that the department had with the larger farmers' concerns.[179] "Handling their own service has acquainted rural subscribers," he began,

> *with some of the things necessary to establish and maintain service. Amongst other things learned by them is that permanent location of central office is a matter of great importance. Rural companies are therefore supplying a central building to provide not only accommodation for equipment but as well living accommodation for the operating staff.*

This had been done already at 133 centres across Saskatchewan. In each case, the department installed and maintained the switchboard. This did not mean, however, that the government assumed the sole responsibility and expense of operating both the rural and provincial plants by itself. "That was a matter to be undertaken jointly." Indeed, wrote McNab in another source,

> *at almost every centre where telephone service is given there are two purveyors of service altogether independent of each other up to the point of operating – the Telephone Department representing the Government that builds and maintains the trade centre and the Rural Companies that build and maintain the Rural systems converging upon the central. Since the social and business relation between the residents of the centre and the residents of the adjacent and tributary territory necessitates intercommunication and the means thereof, the service necessarily must be operated conjointly and very naturally the expense should be shared by both.*[180]

This meant in practice that the department appointed as its agents the secretaries of local rural companies, whose system included more than one circuit.[161] On one occasion, however, the department awarded the agency to a central telephone board composed of the secretaries of several farmers' systems that converged on the town of Windthorst.[162] In any case, these firms were to provide their own central office either by lease or purchase,[163] and to hire the operators necessary "to give whatever service may be locally wanted," even if "it may be ... a service beyond what is provided for in departmental regulations."[164] This sometimes meant changing the location of an existing exchange, depending upon the appointment of agents.[165] In return, the department paid these companies out of government revenues the usual commission accorded to such officers. If, however, the amount earned and paid by the department failed to cover the cost of operations, the balance was to be met locally by the companies. After all, wrote McNab in a separate letter, "there must be some sense of obligation for co-operation" to succeed.[166] Not only did this arrangement place sufficient control in the hands of local users "to establish a service deemed necessary by them if they are willing to meet the expense," it also "shared responsibility between the government and the rural companies in maintaining service."[167]

Yet not everyone agreed with his assessment of the quality either of rural service or the department's relations with the firms that built it. That much is apparent from the numerous complaints received from dissatisfied farmers and rural companies alike with regard to delays in connection with the provincial long-distance lines, bad service, faulty equipment, burdensome regulations, and so on. "I beg leave to inform you that the telephone service particularly on rural lines in this district is simply rotten," wrote Dr. Hugh Eaglesham of Weyburn. Because the system was consistently out of order for months on end, his farm patients often had to drive to his town office, "and in one case a woman nearly lost her life." He demanded a resolution of the problem. After all, Eaglesham exclaimed, "a telephone is like a gun in Texas, when you want it you want it damned quick!"[168] (The difficulty, it turned out, was due to renovations of the town system in Weyburn, which caused periodic interruptions of service.)[169]

T.W. Bennett of Willow Branch,[170] Frank B. Moffat of Weyburn,[171] and H.K. Farley of Waseca similarly complained of poor service in their respective districts. What angered them still more, however, was the department's apparent indifference to their grievances. This included long delays in correspondence, half-answers to serious inquiries, poor explanation of construction standards, and so on. As "keen, intelligent and successful men," wrote Farley heatedly, "when we ask questions it is because we wish for information." It was all the more frustrating, therefore, "to bump up against a Department which appears to bear a remarkable likeness to a solid brick wall." It should be run better on business lines, he scolded Premier Martin, "and we trust that you will endeavour to effect some improvements."[172] Still others accused the department of allowing partisan politics to affect the selection of telephone agents at the local exchange level,[173] or of failing to lend adequate support in quarrels with rural telephone companies over the extension of service,[174] and equally "bone headed farmers ... way behind the times" who blocked the construction of new lines.[175]

What angered many rural people in particular, however, were department regulations that prevented towns from establishing toll-free connections with nearby centres over local farmers' systems. The current rules, which disallowed these telephone companies from connecting with more than one exchange, were regarded as "detrimental both to the furtherance of social life in rural districts, [and] also to general business conditions."[176] Other regulations with respect to the collection of certain service charges were labeled as being discriminatory, because these fees were not applied to city telephones, too. Hence, at the annual convention of the Saskatchewan Association of Rural Municipalities at Moose Jaw in March 1918, two resolutions were passed. The first recommended that "the Department of Telephones take immediate action to have the Rural Telephone systems throughout the Province placed on a basis so that any town or village may have free telephone service with the town or village situated on each side of it." The second urged that the department "allow neighbouring Rural Telephone systems to connect their centrals."[177]

But the strongest criticism was reserved for the issue of taxation, and specifically the terms of the new Act that provided for the repayment of rural telephone debentures by assessing all lands—occupied or not—that lay within 100 yards of a farmers' circuit. R.H. Miller of East End felt it was unreasonable that he was taxed for the two quarter sections that he owned back of his farm to support a branch line that connected a single subscriber to the local rural system. This meant having to pay $17.13 for each parcel of land over the next 15 years "for that man's phone." "I can not see," he protested, "as that is fair."[178] "The complaint you make is not a new one," replied William Martin,

> *as I have heard it from different portions of the Province. . . . There are many instances . . . of lands owned by people who are not residents at all which are liable for telephone taxes on account of the line passing within one hundred yards of the land. If the law were changed now it could not, of course, be made to apply to what has already been done as the lands taxable in any case must be left available as security for the debentures which have been issued.*[179]

This situation was confirmed by the Superintendent of Rural Lines, who added that no other means could be found to connect Miller's neighbour.[180] William Martin further admitted that because of numerous complaints the government had considered changing the legislation, but "we have always been confronted with the difficulty of devising anything better to put in the place of the present law."[181]

Yet this explanation did not satisfy F. Hearsey of Swift Current, who blamed "the exodus of settlers that has been going on for the past 6 or 7 years" up to 1922 directly on "the overtaxing of all rough lands in Saskatchewan." These, he believed, should be free from both school and telephone taxes.[182] G.B. Creech of Lloydminster agreed on the principle that any land under cultivation should be tax exempt. For precisely that reason, he, James Metcalfe, James Almond and four of their neighbours had resisted the local Greenwood Rural Telephone Company's plans to build lines past their property for more than a year.[183] Their protest was

> *against being assesed of a thing we do not want and consider too expensive at the present time… . We fully understand, and know its the law to assess all lands ajoining the line. And are too loyal citizens to be foolish enough to protest when once it is built. But I think the law could be amended, for I understand there are a lot of objectors in different parts of the country. I admit the Phone to be a good thing, but why should one man pay more for a service, that all use alike?*[184]

Many local farmers were nearly destitute as it was, they claimed; some already had mortgaged, sold or abandoned their land. Hence, Creech and his neighbours suggested postponing construction of the rural system until after the war, or at least shifting the route away from their farms. They even signed three petitions to that effect,[185] because "we objectors do not seem to get much sympathy from the Telephone department directing us to arrange with the telephone company which we have tried to do without success."[186] (Twenty-seven subscribers who favoured erecting the system countered, meanwhile, with a petition of their own.[187]) "The present prosperity is only temporary," Creech argued; "also everything at the present time is so awfully dear." Barbed wire, for example, had doubled in price since 1913 from $3.25 per roll to $6.30. Besides, there were few enough men available for the harvest, let alone telephone construction. "We realize with dismay and horror what this tax will mean to us," especially in view of the high cost of materials, scarcity of labour and probability of increased rates "if the proposed scheme materializes." "So let the people who want it pay for it," declared James Almond, "we most decidedly object to pay for their benefit."[188] After all, "this is a free country where the majority in a case like this count (Not [like] Russia)."

Despite partial support from the Superintendent of Rural Lines, who not only agreed that construction routes "should be settled by the residents of a community to be served," but also scolded the Greenwood Company for attempting to bend the department's rules to its own advantage,[189] Creech and his fellow protestors lost their fight. The decision was not arbitrary, however; nor was it owed to a mechanical application of existing regulations. It was reached only after close investigation and consideration of local conditions.

Although Premier Martin confessed that it sometimes "does not seem fair to tax those who do not want the rural telephone for the benefit of those who do,"[190] the department had concluded "that the present and future telephone requirements of the district can best be served by having a line constructed as at present." "There is no doubt that you will wish to have telephone service in the very near future," Martin continued, "and when that time arrives, you can be given service with a great deal less expense to the Company of which you would be a member, by having the line built."[191] On the other hand, shifting the path of construction further west was no solution, for that would take it "very close to the Alberta boundary and prospects for future traffic over the route would be very much cut off."[192] It also would mean erecting two extra miles of line at considerable expense. Besides, debentures already had been issued on behalf of the Greenwood Company, so "I cannot see how the matter can be interfered with."[193] Finally, since the majority of residents in the district wanted the line to proceed, it would be illogical to halt it now because of a few protests. "Otherwise, it would be impossible to have the route constructed at all."[194] "I am sorry that you find yourself in a position where you will be forced to pay for a service you do not use," apologized Martin in closing. "At the same time the situation is such ... that it would not be wise for the Department of Telephones to interfere with the decision already reached by the Rural Telephone Company."[195] There the matter ended.

Yet however reasonable the Liberal government's position on these matters appeared to be, the growing chorus of complaints about rural service and its regulations allowed the Opposition in the Legislature to resurrect its proposal for complete public control of telephones in preparation for the provincial elections scheduled for June 1917. Arguing in particular "that the present system of providing rural telephones is unsatisfactory, and under a proper system can be made less burdensome and more efficient," Conservative leader W.B. Willoughby declared "that all phones, rural and long distance, should be owned and operated by the government."[196] As part of their campaign strategy, the party reproached the Liberal administration's "autocratic and arbitrary method of handling rural telephones."[197] It further criticized the overextension of farmers' systems "in proportion to the cost of installation" and the slow pace of rural development under the government—an approach quickly characterized by the pro-Liberal press as "the old-time trick of playing both ends against the middle."[198] The Conservatives also questioned the discrepancies in tax rates for debenture repayment and the high interest charged to farmers' telephone companies. Furthermore, they disputed the fairness of taxing subscribers and non-subscribers equally for rural construction, arguing instead that building costs should be borne solely on the benefit principle.[199] Service, not revenues, should be the bottom line.

The Liberals countered that supplying large areas of the province with telephones would have been impossible "if this system had not been taken of imposing the burden on the land benefitted by the constructions of the line."[200] They also dismissed the policy of complete government ownership proposed by the Conservatives as both unrealistic and uneconomical. At the very least it would mean the addition of about $5 million to the provincial debt to purchase all existing rural systems, not including further large increases to the debt flow to pay for yearly maintenance and all future construction. Joined to this would be the loss of local control over the routing of lines, without improving service. And what did the Conservative party propose to substitute for "this very democratic system"? It would revoke farmers' companies, end local control and management, and have the government operate the entire provincial plant from Regina at very high rates for the quality of service received. Moreover, "party politics, which are now an unknown factor in rural telephone development, would be introduced ... and a constituency which elected a Liberal [under a Conservative regime] would have to wage a constant fight for recognition."[201] Thus what would be better? A system owned and operated by the farmers who use it, or government ownership and operation with centralized control in Regina?

As for Opposition charges that rural development had been slow, the Liberals objected that it had been far faster than in Alberta and Manitoba, which now advocated adopting the Saskatchewan model. In 1916 alone, the province had added 6,040 new rural subscribers, or ten times as many as were added by its western neighbour during the same year.[202] "Can you not imagine the farmers of Saskatchewan growing hilarious with joy over this great display of constructive statesmanship on the part of W.B. Willoughby and his followers in convention assembled?" scoffed the pro-Liberal *Morning Leader* in response to the Conservative platform:

> *Can you not hear the loud hurrahs (or is it guffaws) that strike the very air? In the face of such a positive, clear-cut statesmanlike policy by the Opposition how can the … Government contemplate appealing to the farmers of Saskatchewan for support?*[203]

All partisan sniping aside, at its convention in March 1917 the Liberal party nevertheless felt a need to defend its record, starting with the "inauguration of a provincewide telephone system under a policy which places this public utility within the control of the province and its people."[204] Specifically, by encouraging the erection of rural lines to serve groups of farmers across the province,

> *a tremendous impetus had been given to rural telephone construction. It had resulted in the people acquiring a very fair working knowledge of telephone operation and in addition to a general knowledge very many men closely associated with the management of rural lines had now considerable technical knowledge of telephone operations.*[205]

Indeed, all things considered, rural and long-distance telephone development in Saskatchewan had been "nothing short of marvelous." Not content to rest on past laurels, the Liberal caucus then updated its policy. As part of its campaign platform for the approaching elections, it promised:

> *(a) The early extension of the provincial telephone system to all urban communities thereby encouraging the more rapid development of rural systems and at the same time increasing the usefulness of the entire telephone system to all subscribers; (b) a further expansion of the educational work recently inaugurated by the telephone department to assist local companies to maintain and operate their rural systems at the lowest cost with the greatest degree of efficiency.*[206]

With a degree of objectivity remarkable for a period when the press was far more openly partisan than even today, the Regina *Post* compared the electoral platforms of the contending parties.[207] On the one hand, it observed, the incumbent Liberals stood by the current provincial system, while pledging to make it more efficient, if possible. On the other hand, the Conservatives called for government ownership of all Saskatchewan telephones, including the rural sector. The debate on this subject in the Legislature, admitted the *Post*, was hardly conclusive, seeing "that there was a good deal to be said on both sides." In some respects, it was better to invest farmers with control over the system by which they were served. Besides, it would be a highly expensive proposition for the province to purchase all existing rural lines and at the same time build extensions as rapidly as required. Yet, the Conservatives could point to examples of good government administration of farmers' telephones in both Alberta and Manitoba, even if these were more costly. The question, therefore, was one "in which personal predilection and experience play a large part." Certainly, the *Post* concluded, "the Liberals were unable to destroy entirely the arguments the Conservatives advanced, and vice versa."

In the event, the Liberal party won its fourth consecutive election to date, aided partly by its claim to be "a Farmers' Government" because of its interest in and legislation for rural residents, such as farmers' telephones. That, at any rate, was the position of the Saskatchewan Grain Growers' Guild.[208]

But the Liberal victory was partly due also to the fact that farmers across Saskatchewan had abandoned whatever interest they once had expressed in government ownership. A convention of rural telephone companies, sponsored two years later by the Saskatchewan Grain Growers' Association, produced no serious criticism of the basic principles of the government's telephone program. The delegates merely noted that the system was costly, adding that it had "not been without many errors in policy and wasteful methods in organization and construction expenditure." After all, continued the secretary of the association, it "is not reasonable to assume that 1,200 different local companies ... will be able to deal economically with any phase of their progress, compared with a more closely co-operative method of central direction and helpfulness."[209] Where numerous companies had spent from $500 to $1,000 on organization alone, a central agency (he argued) could bring about economies, such as purchasing materials in bulk and securing lower capital costs.

This was not an endorsement of public ownership, however. The association seems to have entertained ambitions to absorb the provincial system instead. The president of the association suggested, in fact, that if a company could be formed to carry on construction work, handle materials and debentures, and provide a pool of operators and repairmen, it eventually could take over the long distance lines "if the necessary arrangements could be made with the Department of Telephones."[210] "It is significant," writes Dufferin Spafford, "that these arguments were used to make a case for the establishment of a private, central agency of rural telephone companies; the same logic might have been used to argue a case for government ownership and operation."[211]

Between 1920 and 1922 the period of rapid rural telephone development came to an end. Rather than improving Saskatchewan's economy, the conclusion of World War I brought renewed recession. To be sure, the recent conflict had relieved unemployment, fostered increased agricultural production especially of wheat and stimulated the dairy industry. But wage hikes due to the scarcity of labour were erased by inflation, as well as by the prevailing concentration on grain instead of mixed crops. With the sudden collapse of wheat prices in 1920, farmers were unable to meet their financial obligations to implement companies, lumberyards and local merchants, let alone telephone debenture repayments. Worse still, there was an actual decrease in the number of homesteads during the next six years, as some were abandoned and others were lost through foreclosure.[212] The problem, in short, was that the province was still dangerously dependent on a single staple crop, which made Saskatchewan farmers even less self-reliant than in 1914.[213] Under the circumstances, writes John Archer, "few people realized that the war had merely postponed a recession rather than interrupting the march of development;" meanwhile, it became apparent that the pre-war boom during the province's early years was not going to return.[214]

With the concurrent drop in wheat prices in 1920, the debenture market declined rapidly. Institutional investors, who had been the major purchasers of rural telephone securities, withdrew in large numbers. As a result, the Local Government Board was compelled to turn to Saskatchewan capital for the first time in order to prevent the market from collapsing altogether.[215] Interest rates on these bonds rose more than a point that year and remained very close to the statutory maximum of 8 percent during 1921 and 1922. As it was, financial houses such as the Mutual Life Assurance Company of Canada had difficulty "in obtaining prompt settlement of coupons falling due under various Rural Telephone Debentures" that it held as farmers' companies defaulted on their payments one by one.[216] The provincial government promised to give every possible assistance in this matter, but acknowledged that in many cases "there will be difficulty in meeting the obligations on account of crop conditions that have existed ... during the past few years."[217] For the same reason, the department postponed plans to increase switching charges for rural subscribers in 1921. Wrote Premier Martin: "The present time would appear to be a very unfortunate one – considering the conditions that exist in rural portions of our country – for the putting into force of any such increase."[218] Nor did the situation improve over the next two years. Consequently, debenture issues amounted in total to only about $323,000, while there was a net increase of just four in the number of operating companies.

The discouraging economic conditions of the years between 1920 and 1924 were only partially responsible, however, for the much reduced speed and extent of both rural and long-distance telephone expansion in Saskatchewan. In his report for 1923–24, the deputy minister argued that the slowdown was "entirely due to the fact that there is an end to all things." "Telephone service," he boasted, "has pretty well saturated the Province and initial construction is about ended," seeing that the "need for the service has been substantially met."[219] Whether this represented a saturation of the rural market, writes Dufferin Spafford, is questionable. "It would not be unrealistic to suggest that rural development would have proceeded much further had the post-war depression not intervened."[220] Nevertheless, telephone facilities were now available to about one half of the occupied farms in Saskatchewan.[221] This rate of progress also had been achieved more rapidly and inexpensively than in either of the neighbouring provinces.

Speaking to the Legislature on 16 March 1923, Liberal MLA (Pipestone) and former Superintendent of Rural Lines W.J. Patterson responded to Conservative allegations that Saskatchewan's rural telephone system "was too costly to build and too costly to operate." Not only that, but it charged higher long-distance rates than Alberta and Manitoba, "the only two instances of Government-owned [farmers'] telephones on this continent."[222] Patterson countered these claims with a detailed comparison of telephone construction in Saskatchewan and Alberta. To date, he noted, capital investment in the former's provincial plant was $11 million, and on this publicly owned system were 31,800 town telephones. There was a further investment of $15 million by rural telephone companies, providing service to 58,265 subscribers. In Alberta, by contrast, the capital indebtedness for telephones was $21 million, but with only 29,900 town telephones and 18,750 rural subscribers. "Or to put it differently, with a total investment in Saskatchewan by the Government and rural systems combined, of $26,000,000 we have over 90,000 telephones while Alberta with an investment of $21,000,000 has less than 49,000 telephones."[223] Saskatchewan also had 53,702 pole-miles of rural line at an average cost of $284 per mile, in contrast to just 14,930 pole-miles in Alberta at an average cost of $300 per mile.[224] These figures represented a huge discrepancy between the two provinces. Obviously, Alberta's rural system had cost considerably more than that of Saskatchewan.

To be sure, admitted Patterson, at $24 per year the average cost of telephone service in Alberta was lower. But when one included the interest on capital, depreciation, maintenance and general operation, the real cost was $50.32. In short, the general public contributed an additional $26 for each rural subscriber in the province, as opposed to Saskatchewan, where residents paid only for their own service. Patterson closed on a self-congratulatory note:

> *Let me say that I am firmly convinced that the rural telephone system as we have it in Saskatchewan has two great advantages: first, it creates a local interest in what is very largely a local service, and this interest is necessary and essential for the proper conduct and handling of that service. It is true that there are difficulties, but sound business management is more valuable in the elimination of these than technical knowledge, and every company has among its members men fully capable of successfully managing its affairs. Second, our system has allowed of a much greater extension of rural service than would otherwise have been possible and the long distance, urban and rural systems have all been departmentally constructed and operated. . . . [A]nd in the matter of rural telephone development we stand second to no other country in the world.*[225]

CHAPTER EIGHT

THE DEPARTMENT UNDER SIEGE

AS PART OF ITS CAMPAIGN FOR REELECTION IN SPRING 1925, the Liberal government renewed its commitment to developing Saskatchewan telephones in recognition of their great social and business value "especially in a rural province." Already, boasted the party's manifesto, the plant "is the most extensive public-owned system in Canada and is successful ... to a degree which is the envy of our [prairie] neighbours." Of nearly 100,000 telephones in service, over 64,000 belonged to rural subscribers—more than twice the number in Alberta and Manitoba combined. And although extension work on the government's long-distance network had slowed in recent years, the building of new branch-line railways meant the necessity of continued expansion. This in turn would encourage the ongoing construction of rural lines and increase the usefulness of the plant to all patrons.[1] In a pamphlet entitled "Issues of the Election" published around the same time, the Saskatchewan Liberal Association added significantly that when the province was founded in 1905 there were few schools, no public institutions to speak of, no proper roads and no system of telephones. Not only had the Liberal government addressed each of these needs, but in just 20 years it had built an integrated telecommunications network that "ranks highest in the Dominion for service and efficiency."[2]

The major source for this praise was the Department of Telephone's *Annual Report* for 1923–24. Far more than a general accounting of the year's transactions, it was both a retrospective on the development of Saskatchewan telephones since 1908 and, by implication, a partisan promotion of the Liberals' achievements in the field for future political advantage. Ever since the passage of the Scott government's original telephone legislation, the report began, 64,744 pole-miles of line had been erected and 250,000 wire-miles had been strung. A total of 97,986 subscribers were served across the province at 750 individual points upon which the business interests and social activities of the people converged. Reduced to simple terms of averages over the six-month building season of each year between 1908 and 1924, these figures translated into a construction rate of 25 pole-miles (or 100 wire-miles) of circuit per day and the connection of 40 new subscribers per day.[3] Moreover, the current ratio of one telephone for every eight Saskatchewan residents had been maintained successfully,

> *despite the discouraging economic conditions of the past two years. Indifferent returns from agriculture – the chief industry – in sections of the wide areas of the Province might be expected to effect locally a reduction in the number of telephone subscribers, but any such reduction has been more than offset by the increase in other parts which escaped the misfortune of short crops.*[4]

All things considered, the report asserted that "the record is not an insignificant one – perhaps even a remarkable one when the term of years over which it was maintained is recognized."[5]

High praise was lavished also on the quality of telephone construction in Saskatchewan, which was unexcelled anywhere "and in most places not even approached." The use of cedar poles, full metallic circuits and standardized building specifications made for effective transmission of long-distance messages across Canada and in the United States as far east as New York and as far south as Kentucky. "[T]raffic flows freely; it does not tend to stagnate,"[6] boasted the report; at the same time, "wide range has been provided for telephone users of our Province."[7] Traffic capacity over the department's long-distance lines was more than ample for current needs, meanwhile, and unlikely "to increase much past its present volume until such time as there is an increase in population."[8]

Overseeing the activities of the entire network was a "qualified and competent" government staff. If one of the functions of telephone engineering, stated the report, was to foresee problems or developing needs, then the province had been well served by these people. This was obvious from the excellent physical condition and financial health of the provincial plant. It continued to pay its own way, collecting sufficient revenues to meet all maintenance, operation and overhead expenses. The department also set aside a balance large enough to reinvest in the plant, service its share of the provincial debt and meet all possible exigencies that suddenly emerged.[9]

The same good leadership, noted the report, had succeeded in coordinating "expert telephone effort with community effort" in the rural field.[10] Construction standards for farmers' systems were high, government regulations were strict and ultimate satisfaction resulted from both features. By 1924, the total capital investment in rural lines, including those built by mutual companies incorporated under the old Act of 1908, was $27 million – "a financial commitment of considerable proportions." "No other enterprise in the Province, private or public," observed the report, "except railway [extension] approaches this sum in the amount of its investment." Nor was any investment better protected through the use of sound building materials and solid standard construction for rural systems that now served 64,116 subscribers over 58,460 pole-miles of line.[11] Debenture repayments by farmers' companies formed under the Act of 1913 had steadily reached the point where very little interest was included in the annual remittance, though there had been some default on the loans in recent years due to bad crops, mismanagement or simple negligence. In any case, the original debt had shrunk already by $7.5 million.[12]

Rural construction, in the meantime, had presented some unique challenges. For on thing, the growing disposition among farmers' companies to consolidate through amalgamation had led to the centralization of switching connections of larger exchanges as smaller ones were "forsaken as centrals." This trend helped to reduce costs and generally widen the field of traffic. But it also raised the issue of night service, by which rural subscribers really meant service provided by automatic exchange equipment that could be depended upon "to be at its post at all times and under all circumstances."[13] Because of the expense involved and the consequent need to increase switching fees, this was not introduced at any point of the system until the rural subscribers expressed a general desire. There were the added costs, as well, of adapting farmers' telephones to the new technology or of substituting them altogether with more compatible instruments.[14] Nevertheless, automatic equipment had replaced the central energy and manual switchboards used in several small exchanges, while the department anticipated the gradual extension of night service to all points of the province.[15]

There was, finally, the matter of operating and maintaining the entire plant which, stated the report, was a shared responsibility. The legislation provided, after all, for a joint system—a single provincial unit composed of the government-owned and operated trunk lines and exchanges, and the government-controlled and supervised rural systems owned and operated locally by the rural companies.[16] In large centres, the province assumed the full cost of operation; in small centres "where the service has been installed more to assist the rural companies and to relieve them from intricate switchboard trouble than from any local need for service," the cost was shared. To that end, equitable rates for service were applied across Saskatchewan on the small systems, which were operated on a commission basis by a rural company acting as the department's agent. That local firm was specifically "empowered to provide for the service that may be desired," explained the report:

> *That is, it provides the accommodations [i.e., building] for the central equipment, decides whether the Department's hours of service should be lengthened, hires the operating staff and looks after the service generally. In other words the Department instals and maintains the central exchange plant and hands it over to be operated locally.*[17]

As for maintenance, the department sustained the government-controlled trunk lines and exchanges, while the rural companies looked after their own plants. To aid them, the Saskatchewan Government Telephone School trained farmers in resolving line and equipment trouble. Over 500 pupils had taken the course by 1924, noted the report, "and gradually there is being built up over the rural system a staff of competent maintenance help equipped to meet and successfully deal with the commoner class of trouble."[18] Additional help for more complicated problems was always available, of course, from the department's expert engineering staff.

In view of the progress made thus far on the provincial plant, declared the report, the goal behind the government's telephone policy had largely been realized, in that Saskatchewan was

> *today covered in great part with small [rural] systems, standardized construction to ensure service, operated as a convenience, managed locally, with a central government staff acting in an advisory and supervisory*

> *capacity, and all linked together with trunk lines erected and maintained, the whole giving a system operated by the Government and the people to meet the need of the various sections of the Province. The obligation assumed has in large measure been discharged. The Province has telephone service.*[19]

A well-conceived plan, a skilled government staff and a "hearty application" by the Saskatchewan people were credited with this achievement. So successful was this joint effort, in fact, that inquiries about the provincial system had been received from Europe, South Africa, Argentina, Jamaica, New Zealand, Australia, and several Canadian provinces.[20] The Saskatchewan model was admired especially in the United States, where Premier William Martin was invited to address the third annual meeting of the Public Ownership League of America in November 1921. "Now, as before," he was told, "we want to make a special feature of the discussion of government owned telephone systems. On that account we shall be very anxious to have you present this matter at the conference." Martin was assured that this "will offer you a really splendid opportunity for getting this matter before the leaders of thought and action in all important progressive movements in this country."[21] Such international recognition of Saskatchewan's performance in telephone development was high praise, indeed.

THE BRADSHAW CHARGES AND THE HAULTAIN COMMISSION, 1916–1917

Because a primary goal of the 1924 *Annual Report* was to paint a glowing picture not just of the department's success to date, but also of the Liberal government's leadership in creating a province-wide telephone network, nothing that clouded the official record was included in the document. Consequently, two notable incidents were nowhere mentioned, despite the intensive media attention and controversy they excited at the time. One was the telephone operators' strike of 1918. The other had unfolded two years earlier. On 10 February 1916, John E. Bradshaw, Conservative MLA for Prince Albert, rose in the Legislature "slowly, definitely and deliberately" (recalled J.A. Calder)[22] to accuse the Scott administration of bribery, influence-peddling and fraud, particularly with regard to government management of public works. His charges of graft and corruption were not confined to various Liberal MLAs, but extended to the cabinet as well.[23] He "took this position," sneered an editorial in the *Morning Leader*, "in the face of positive denials by members of the Government ... of the truth of the charges he had seen fit to make in his sweeping style of generalization."[24]

The accusations that received most attention concerned highway construction and liquor licences. Also alleged were irregularities over contracts awarded without competition to erect the new gaol at Regina and the insane asylum at Prince Albert, where building costs had inflated by 300 percent due to waste and graft.[25] Bradshaw further claimed that corrupt methods had spread to the administration of liquor licensing laws to swell Liberal party funds, shield political supporters of the government from prosecution for violation of their permits, and block the proposed "Ban-the-bar" referendum of 1913 to the benefit of hoteliers and the Licensed Victualers' Association.[26]

The Department of Telephones did not escape Bradshaw's comprehensive

SAB, R-D305
J.E. Bradshaw

gaze. On 3 March he issued additional charges of official malfeasance, graft and conflict of interest, alleging

> *1) That certain officials of the department had connived with other persons to defraud the public by means of excessive prices on contracts for purchase of supplies for wiring and installation, and have been guilty of conniving at participation in graft; 2) That [Minister of Telephones] the Hon. George Bell is directly or indirectly interested in a company or companies having large dealing with the Department of Telephones; 3) That the said company or companies have taken advantage of such connection with the Hon. George Bell to put pressure on Rural Telephone Companies to buy supplies, secure guarantee of bonds and have installation work done by such favoured companies.*[27]

"Be it therefore resolved," moved Bradshaw, "that this House do humbly petition a Royal Commission of Judges be appointed to inquire into the said charges and report the evidence from time to time to this House."[28] If the government refused, then the Opposition would appeal to Lieutenant-Governor Richard S. Lake, a federal Conservative appointee, to form just such a commission on his own authority.[29] In swift retort, Telephone Minister George Bell publicly characterized the accusations against the department and himself

> *as having been engineered for the purpose of securing a party advantage. This is proved by the fact that information regarding frauds was in the possession of Mr. Bradshaw for over a year before he made them known. He waited for an opportune time, on the eve of an election, as he thought to spring his charges.*[30]

Partisan politics aside, one wonders if at least a small part of Bradshaw's motive was his lingering resentment over Calder's point-blank refusal in 1910 to apply lower residential instead of business rates to the telephone rented by the Empire Club, over which the Conservative MLA had presided at the time!

Doubting that the charges were well founded, or that Bradshaw had any real evidence to substantiate them,[31] Calder immediately dismissed the allegations as a plot to embarrass the government.[32] But Liberal disdain was not a viable defence. On the contrary, after bitter debate the Conservative MLA's original motion for a Royal Commission was passed by the Legislature on 7 March. Up to that point, the government had tried to contain the growing scandal by promising a legislative inquiry through the appointment of select committees rather than a Royal Commission.[33] That was unacceptable to the Opposition, however, which continued to insist on a Royal Commission as the only way to satisfy the public. Still resisting, the Scott government challenged the Conservatives to make "definite and proper charges," and Speaker J.A. Sheppard even ruled Bradshaw out of order when he failed to produce sufficient evidence for his claims after repeated demands.[34] The member from Prince Albert countered with more corruption charges against the cabinet itself, implicating Calder, A.P. McNab and Attorney General W.F.A. Turgeon. These were followed by demands from Willoughby, D.J. Wylie and other Conservatives for detailed returns of all expenditures on, and documents related to, the North Battleford asylum, as well as highway construction in southwestern Saskatchewan since 1914.[35]

Finally, Walter Scott told the House on 19 February that it was time to halt the rumours. To that end, he promised a complete and thorough inquiry into any serious accusations against his government.[36] Throughout the ensuing probes, reported the Toronto *Daily News*, "revelations of the most damaging character [were] brought forth, and in spite of the strenuous opposition of the Government that ... used all their resources to prevent exposure."[37] Under duress, for example, a former treasurer of the Licensed Victualers Association named eight Liberal MLAs as having taken bribes or having used their influence to secure favours for liquor lobbyists.[38] In the Department of Highways, inquiries initiated by J.A. Calder also revealed evidence of graft on the part of some civil servants and of irregularities in departmental administration generally.[39]

But in view of the accumulation of charges, a call by prominent Regina Liberals for a proper investigation, and their own refusal to participate in the inquiries of the two public accounts committees already formed by the Legislature, the Conservatives were not satisfied with the government's response so far. Something more had to be done. Consequently, they petitioned the lieutenant-governor to appoint a Royal Commission to investigate all charges, as Bradshaw had demanded initially. At this juncture, Walter Scott left Regina for the Bahamas on holiday. Having expected the session to be over by this time, he had booked his voyage well in advance and felt he could not cancel. Besides, he explained later, his absence would reduce the current pressure on his administration. This tactic was uncharacteristically rash, however, for a man who had always proceeded in the past with far greater caution.

According to his recent biographer, Gordon Barnhart, Scott's physical health was often precarious. But his mental health was still more delicate. Emotionally tense, he had suffered frequent bouts of depression and occasional nervous breakdown, starting at least as early as 1902. These attacks had required him to take periodic "vacations" over the intervening years to recover his health. That he left Saskatchewan in early spring 1916 at this moment of crisis for his government indicates just how much Scott's emotional illness had begun to affect his political judgment during his last months in office.[40] Appointed acting premier in his place, but regard widely as the "real head of the government for several years past" because of Scott's frequent breakdowns,[41] J.A. Calder took up the administration's defence. With "a reputation for political ability and a certain ruthlessness, ... he managed the difficult days of the 1916 session with skill."[42] At the moment, however, the Liberals' position weakened as new revelations led to the sudden resignation of A.J. McPherson, chairman of the Local Government Board, and the problem of contradictory evidence further complicated procedures.

"Out of this turmoil of suspicion, attack, charge and counter-charge and political conflict," reported the *Canadian Annual Review* for 1916, "came three Royal Commissions of Inquiry which an aggressive, hopeful Opposition had obtained from a much harassed Government and one obviously anxious as to its own position and the good name of the Province."[13] The first was the Bribery and Liquor Commission; the second was the Wetmore Highway Frauds Commission. The third, announced by J.A. Calder on 9 March, was the Buildings and Telephone Commission. It was given the responsibility to investigate the allegations of graft in the construction of the North Battleford asylum and the Regina gaol, as well as the claims against George Bell's interests in companies doing business with the Department of Telephones.[14] All three Royal Commissions were granted full authority to inquire into the Bradshaw charges that fell within their separate jurisdictions. The government also took great care to ensure that it could not be accused of narrow partisanship or opportunism in selecting the members of these bodies, each of which was headed by a chief justice of Saskatchewan.[15]

Chosen to preside over the Buildings and Telephone Commission was none other than Sir Frederick Haultain, the former leader of the provincial Conservative party. He had been appointed to the superior court by Prime Minister Sir Robert Borden on 29 October 1912, shortly after resigning from Saskatchewan politics. Among its formal duties, the so-called Haultain Commission was instructed

> *To inquire into allegations of ... connivance of certain officials in the Telephone Department in graft and the obtaining of excessive prices for wiring and installation supplies; the charge of direct or indirect interest by Hon. G.A. Bell, Minister of Telephones, in a company or companies having dealings with the Department – such companies benefitting financially by their alleged relations with the Minister.*[16]

The Haultain Commission began its deliberations on 14 March 1916,[17] and carried them through the year into 1917. During the early months of the investigation, it focused almost entirely on the construction of the Battleford asylum, as lawyers for the Conservatives searched for fraudulent items in the building contracts, profit returns, pay-sheets and invoices to support their allegations of excessive cost over-runs due to faked documents, false claims and so on. With the approach of the fall sittings of the provincial Supreme Court, however, the commission's public hearings adjourned in September, though not before exhausting its share of the $50,000 appropriated by the Legislature for the current fiscal year to fund the various investigations.[18] Nor was it possible to set a definite date for Sir Frederick Haultain and his fellow judges to resume sitting after the new year, owing to their court duties.[19] (In fact, the hearings never resumed.) As for the other matters under investigation, these were hardly touched before the meetings adjourned, with the result that no report was expected from the commission until sometime in 1918.[20]

Serious inquiries into the telephone charges were undertaken, as the

Haultain Commission held "numerous sittings" and gathered "voluminous evidence in connection with the investigation."[51] At the start of its deliberations in March 1916, requests for all documents and returns made between 1911 and 1915 that pertained to the inquest were sent to the chief contractors involved: the North Western Electric Company,[52] the Deering Electric Company,[53] the Sun Electric Company,[54] the Regina Plumbing and Heating Company,[55] and the Canada West Electric Company,[56] of which George M. Bell was president. The confusion of his name with that of George A. Bell may account for Bradshaw's charges against the telephone minister for conflict of interest. True to the government's established business policy, each of these firms was Canadian owned and four of them were Saskatchewan based.

The information they provided was to be confined in general terms to 1) all contracts relating to work performed or material supplied in connection with the asylum and gaol, and 2) all contracts relating to the purchase of supplies for telephone wiring and installation.[57] A similar request was sent to Telephone Minister George Bell, who was to provide all labour and material contracts signed with the five companies indicated, in addition to the original plans and specifications of the projects undertaken. He was to supply, as well: all tenders and advertisements for tenders; detailed statements of payment for work completed under contract, including bills for extras resulting from deviations from the initial blueprints; all work vouchers and receipts; and all inspectors' reports with reference to the contracts.[58] Bell submitted the materials as soon as they were gathered together.[59] The government's solicitor also was served with a notice on the minister's behalf to produce any documents pertaining to the telephone inquiry.[60] A fourth request, finally, was sent to the provincial Registrar of Joint Stock Companies for all documents and returns filed with the government relating to the same five electrical supply firms since 1911.[61]

In a letter to the Managing Director of the Canada West Electric Co., C.H. Ireland, secretary to the Haultain Commission, promised that all books and documents submitted would be kept in his custody and only opened to inspection by counsel under his supervision. "This somewhat informal method of obtaining information is being adopted by the Commission," explained Ireland, "with the idea of saving time and trouble of having subpoenas *duces tecum* issued under which you would be obliged to do what you are now being asked to do informally."[62] Nevertheless, subpoenas were issued and witnesses were brought before the commission, though at least one individual, J. Sutton, objected that the tiny per deum he received as an "ordinary witness" was not enough to cover his costs. "It is a disgrace," he complained with disgust,

> *to expect people to pay half their own expenses when called to Regina to give evidence. No Hotel today gives accommodation for $2 per day. It is such actions as these that cause so much graft in our system! Pay a man reasonably and you may expect decent service, but under-pay him and what is the result?*[63]

In Sutton's mind, at least, the result was the very corruption in government that the Haultain Commission had been formed to investigate. So-called "professional witnesses," on the other hand, received the daily sum of $5.[64] By comparison, Hector Y. McDonald, K.C. (counsel to the government and George A. Bell) and James F. Bryant (counsel to the Opposition and J.E. Bradshaw) were remunerated at the princely rate of $80 per day.[65]

In other cases where the individual subpoenaed was unable to appear for medical reasons, the commission arranged for lawyers to travel to him with a prepared list of questions. Hence, it was agreed that F.J. Robinson, a former telephone employee now living at Victoria and currently under a doctor's care for pneumonia, could testify in his home.[66] The questions for him dealt chiefly with telephone matters, such as his association with any companies doing business with the department, the routine followed in connection with the construction of large public buildings, and any business associations he had personally with A.P. McNab, George A. Bell or George M. Bell. The commission was particularly curious whether Robinson had

> *knowledge of the interest of Hon. George A. Bell in companies or firms, or the profits of companies or firms, having dealings with the Government directly or indirectly or engaged in the construction of rural telephone lines, the securing of guarantee of bonds or the sale of supplies therefor.*[67]

In another case, J.A. Calder authorized Vancouver lawyer F.C. Wade to examine Charles Willoughby on behalf of the Department of Telephones with regard to the purchase price of the land on which the Regina exchange was built in 1912–14, even before the Haultain Commission convened. With characteristic aplomb, Calder dismissed that developing investigation as a simple "fishing inquiry" that "has been sprung on us."[68]

As the summer of 1916 passed, however, the inquiry widened, especially as J.F. Bryant pursued every possible lead to connect the government with Bradshaw's allegations of corruption. In May, for example, he expanded his search by asking not just for the files of the telephone minister's correspondence, agreements and accounts with the Deering, Canada West and Sun Electric companies. Bryant also submitted a blanket request for all

> *contracts between the Government and any person, firm or corporation in connection with … [the] purchase of supplies for wiring and installation in connection with any telephone line, exchange or any telephone work or supplies contracted for by the Department including the installation of automatic telephones throughout the province.*[69]

This interest extended to the sets installed at the Legislature in 1911.[70] Deputy Minister D.C. McNab duly provided the materials requested by Bryant with one curious exception. "[We] have no advise," he confessed, "as to where Rural Telephone Companies purchase supplies."[71]

The following July, Bryant went so far as to recommend that the Haultain Commission hire a consultant to value the different telephone systems and automatic exchanges in Saskatchewan's four main cities. Already for this purpose he had contacted J.C. Kelsey, editor of the American journal *Telephony* and "one of the ablest experts in America."[72] Kelsey agreed to come at a daily consulting fee of $50 for work "on the ground" or $30 if traveling—"the expenses being paid out of the public purse," Bryant informed him, "on the recommendation of the commissioners." When (it seems) he was not invited, Bryant contacted L. Vorcoe of the Toronto-based Canadian Independent

Telephone Company to testify instead. Asked for his expert opinion of the costs incurred in building the new Regina exchange after the cyclone of 1912, he claimed that these had been excessive. He alleged, moreover, that the entire plant could have been installed by a Canadian firm at $26 per line, instead of the $54 per line charged by the Automatic Electric Company of Chicago, which had been hired to do the work. This represented a difference of $78,000.[73] Vorcoe arrived at this figure by comparing equipment prices at the American firm with two Canadian companies, and by factoring in a customs duty of 30 percent on all material imported from the United States.

Even after the Haultain Commission adjourned on 11 September 1916, Bryant continued to contact potential witnesses as far away as Chicago and Ontario. He worked tirelessly on behalf of his retainers to link George Bell and his department to excessive spending on the provincial plant, graft and conflict of interest in awarding lucrative contracts not to the lowest bidder, but "to other parties who were friends of the Government at considerably higher figures."[74] His search proved fruitless, however. In a series of private memoranda to Walter Scott, George Bell and other cabinet members, C.H. Ireland confided that the Opposition's counsel had still to furnish the Haultain Commission with the particulars of the claims against the Telephone Department. And although he had argued that of the three matters under investigation the telephone accusations "will be the biggest job of the lot," Bryant had "not yet even 'scratched' the material supplied to him..., much less masticated or digested it to enable him to put forward allegations in support of his charges." Yet that was essentially immaterial, for the real goal of his Conservative retainers was political. "Summoned up after carefully following the evidence I would say," wrote Ireland,

> *and respectfully submit my view for what it is worth, that at the very most Bradshaw through his Counsel hopes to establish 'financial prodigality' and will do battle at the next election along these lines accompanied by the usual innuendo [of malfeasance]. Bryant told me … that he (speaking doubtless for the Tory Party) expects there will be an election this year, and this view undoubtedly explains the feverish haste with which he filed his experts' statements of excessive costs last week, before the Commission adjourned, leaving no time or chance for Government Counsel to put in rebuttal evidence.*[75]

In other words, Bradshaw's charges were little more than a publicity ploy for the purpose of gaining votes, as the Liberals had suspected all along.

The investigations were not completed without result, however. The commissions ascertained that the liquor interests had spent money to delay or defeat the "Ban-the-bar" legislation of 1913. And even though the allegations of bribery against cabinet members were not sustained, Speaker J.A. Sheppard felt compelled to resign on a point of honour. As for the eight MLAs accused of bribe-taking or influence-peddling, four were gaoled for the crimes and also purged from the Liberal party. Meanwhile, a fifth MLA and a high-ranking civil servant found to be involved in highway corruption were also tried and subsequently charged.[76]

There were, as well, two very prominent casualties of the political turmoil caused by the Bradshaw affair, though no scandal was attached to their names. One was Premier Walter Scott who, among other contributions to Saskatchewan, was the chief architect of the telephone legislation. By autumn 1916, it was clear that his emotional health was growing worse. Thus urged by his party to resign from office, he did so "without hesitation" on 20 October.[77] "Broken in health, harassed by the blunderings of his political associates, sick at heart with the bruising of an ambition that, so lately, had long-cherished power within its grasp," he was (wrote the Saskatoon *Daily Star*) "a martyr to the machine of government." The Opposition newspaper then added less than generously of the ailing former premier:

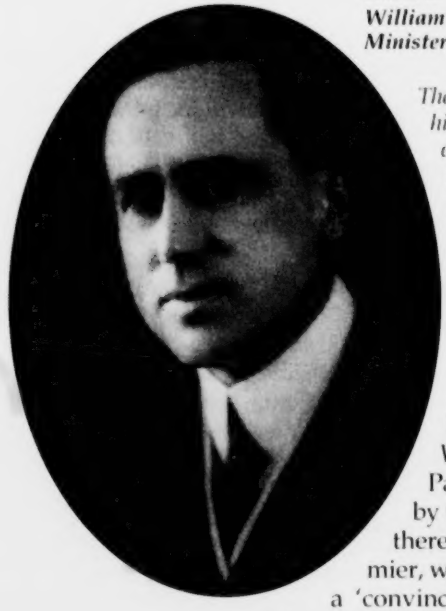
> *He had not the vision to understand that party government may become a ruthless despotism and that a majority must be watched as jealously as a tyrant. So Hon. Walter Scott is broken on the wheel of his own fashioning.*[78]

Taking a much more favourable view, the *Manitoba Free Press* described him instead as "a victim of his tireless devotion to the interests of the people of Saskatchewan." Under Scott's direction, the paper continued,

> *the public mind of Saskatchewan has been progressive, inquiring and adaptive. The Province has been the pioneer in many developments and innovations necessary to meet conditions hitherto unknown; it has blazed the trail to new objectives... . High office did not spoil him; he remained a man of simple tastes and wide sympathies – sincere, unaffected and democratic.*[79]

The second major casualty was James A. Calder, Saskatchewan's first Minister of Telephones who had presided over the construction of the provincial plant in its critical early years. Delighted that Bradshaw's lawyer had failed "to unearth some evidence that would reflect upon the government and more particularly myself,"[80] Calder assumed the acting premiership following Walter Scott's resignation. But though widely expected to succeed him as Saskatchewan's second premier, Calder refused the appointment. One reason given for his decision was that the Wetmore Highways Commission had still not completed its inquiry; hence, Calder's name was not yet officially cleared.[81] Another reason offered was his intention to run for Parliament in the next federal campaign, which might make him a member of a Liberal government in Ottawa.[82] In reality, however, both he and other members of the Liberal caucus recognized that "the people would not endorse him" in the elections called for 1917.[83]

Indeed, the partisan press had a field day at his expense over the months just prior to the vote. Although Calder "is everywhere touted as the brains of the administration," reported the Winnipeg *Telegram* in May 1916, he "has proved too clever by half and his absence would do more than anything else to convince the electorate that a new era was honestly being inaugurated." Described variously as a man "all puffed up," the "chief incubus of which the people have resolved to get rid," and "the Minister of Corruption," many predicted that Calder as premier would spell certain disaster for the electoral fortunes of the Saskatchewan Liberal party. Certainly, "the evil influences by which the government has been controlled would continue in control" under his leadership.[84] Taking a slightly more balanced view, the Winnipeg *Telegram* wrote of Calder in October 1916, at the time of Walter Scott's resignation:



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William M. Martin (c. 1921), Premier 1916–22; Minister of Telephones 1921–22

> *There is nothing in particular against his general reputation and he possesses a sufficient amount of intellectual ability, but there is everywhere a feeling that he must accept a large measure of political responsibility for events which have recently disgraced the province and landed several prominent citizens in the penitentiary.*[85]

Obviously under the circumstances, a new Liberal leader had to be chosen, and the selection fell on William Martin. As a member of Parliament in Ottawa, he was untainted by the least hint of the recent scandal, and therefore an ideal choice.[86] The new premier, wrote the Medicine Hat *Weekly News*, "is a 'convinced and enthusiastic free trader' and enjoys the distinction, because of his advanced radicalism, of having been once denounced by a Conservative member in the House [of Commons] as 'that detestable young Lloyd George from the prairies'"—a reference to the controversial prime minister who led Great Britain through the dark years of World War I.[87] Shortly after his appointment, J.A. Calder retired from Saskatchewan politics to join the National Union Government under Sir Robert Borden. So long as he remained, he believed, people would view Martin as "merely a figurehead."[88] Nor was he wrong, for Opposition newspapers such as the Regina *Post* were already observing that although Martin had assumed the reins, Calder still cracked the whip.[89] In the cabinet reshuffle that followed, George A. Bell retained his position as Minister of Telephones to the deep disgust of the Moose Jaw *Daily News*,[90] but was replaced as Provincial Treasurer by Charles A. Dunning. Otherwise, reported the *Evening Province*, Bell's future was left to the findings of the Haultain Commission. "If the investigation into the Telephone Department involves him, he will have to step down. This much was made clear to him at the caucus."[91]

In the subsequent election campaign of 1917, the Opposition tried to make political hay of the recent investigations—just as the Liberals had expected—but failed to make an impression. The party claimed that the evidence heard by the Haultain Commission, in particular, was so unanswerable that the government could offer no defence.[92] As the *Canadian Annual Review* judiciously pointed out toward the end of the year, however, the commission had not met since September 1916 to hear the Liberals' side.[93] Conservative party organs such as the Esterhazy *Observer* continued, nevertheless, to remind Saskatchewan voters of the allegations against the Department of Telephones by making additional charges that it had deliberately muddled its accounts in order "to smother a fair comparison of Income and Expenditure from a fear that the public attention would be drawn too closely to such matters."[94] This provided the Opposition with a convenient springboard from which to promote its standard campaign policy that "the entire public Telephone service of the Province be placed under Government management and control, and that all the Telephone systems not now owned by the Government be acquired on an equitable basis."[95]

The Liberals were not intimidated, however, by this concerted attack on their political integrity. On the contrary, they carefully noted that the lawyers for the Opposition had not yet completed submitting all of their evidence to the Haultain Commission, while the testimony already heard had exonerated the Department of Telephones of all charges. No deputy or government official was connected with the various electrical supply houses, nor was there any evidence that these companies had profited excessively from government contracts. Moreover, the reason why these firms had been hired in the first place was because they were the only electrical supply houses that did business in Saskatchewan.[96] At the same time, the party struck back at its principal accuser. In November 1916, J.E. Bradshaw had accepted the appointment from the Dominion government as Lieutenant-Colonel commanding the 243rd Battalion, Canadian Expeditionary Force. But while supposedly attending to his military duties, he had taken a second Dominion post as auctioneer of school lands, meaning that he drew two incomes from taxpayers' money. "The people of Canada have a right," proclaimed the *Morning Leader*, "to demand that J.E. Bradshaw make restitution of one of these salaries." He should be punished as well, the paper added, and forced to resign his seat in the Legislature.[97]

Despite the recent corruption charges, William Martin and the Liberals were returned to office with an even larger majority than before. The Conservatives, by contrast, suffered an unparalleled defeat. In fact, the government won 51 seats, while the Opposition was reduced to seven. One independent and three soldiers also were elected, making a total of 62 members of the House. Notable among the political casualties was J.E. Bradshaw, who lost his seat in Prince Albert.[98] Not only that, but little more was heard of his allegations after the vote. The Wetmore Highways Commission had unearthed no evidence that money realized from road frauds had been used for Liberal election purposes. Moreover, its final report was "accepted without a murmur by the Opposition when [it] was tabled in the Legislature later in the fall."[99]

During the next session, the House unanimously agreed to discharge the Haultain Commission, which had produced no report of any kind whatever. Instead, all matters requiring further investigation were to be referred to the Standing Committee on Public Accounts and Printing.[100] "This final chapter in the political scandal that had once threatened to drive the Liberals from office in disgrace," writes historian J. William Brennan, "passed almost unnoticed in the province."[101] The only lingering reminder of the recent turmoil disappeared a year later when George A. Bell left the Department of Telephones to assume the chairmanship of the Local Government Board. He was replaced as Telephone Minister by Charles A. Dunning.[102] Thus "the scandals and troubles of 1916 and its Royal Commissions had largely passed away in political effect through the re-organization and the appointment" of the new administration under William Martin.[103] That brought to an end, observed J.A. Calder, "what at first appeared to be a very ugly political scandal reflecting on the integrity of the Scott government and its members."[104]

THE OPERATORS' STRIKE, 1918

With the Bradshaw charges behind it, the Department of Telephones settled down to work as before. Over the next fiscal year, from spring 1917 to spring 1918, it constructed 16 new toll offices, 62 exchanges and 108 pole-miles of long-distance. The government-owned plant now comprised a total of 379 offices, 4,386 pole-miles of line and 24,690 subscribers. More than 1.6 million long-haul messages were completed during the course of the year; the extension of service in the rural field, meanwhile, exceeded all previous records, with 35,555 farm homes enjoying telephone privileges on 34,516 pole-miles of circuit.[105] But the department's new-found peace was interrupted briefly in October 1918 by an operators' strike over better wages and working conditions.

Ever since the opening of the first exchange in 1878, operators had played a significant role in the development of telephony throughout North America. As the "human part of a great communications machine," wrote contemporary historian Herbert Casson in 1910, their job was both responsible and prominent in the public eye. They formed, after all, the tangent point between the various telephone systems and their subscribers across the continent. Consequently, "no matter how many millions of dollars may be spent upon cables and switchboards," continued Casson, more was demanded of an operator than of any other public servant. Not only did the quality of service depend ultimately upon the individual "at the exchange end of the line," it also was that person who dealt with the public "at every point."[106] Without exaggeration, therefore, it may be said that until the introduction of new technologies that in very recent times have rendered much of their former role obsolete, the operating staff was in effect the linchpin of every telephone system on both sides of the Canadian-American border, for the efficiency of these networks on a daily basis rested largely in their hands.

Although the field was soon dominated by young unmarried women, the first operators were teenage boys. The experiment was not successful. "Boys," wrote Casson, "proved to be most complete and consistent failures."[107] Impervious to discipline, they were raucous, impatient and often impolite, swearing at subscribers (with whom they engaged in "retaliatory conversation"), playing tricks with the wires, and generally adding to the troubles of the business instead of alleviating them. Consequently, "if ever the rush of women into the business world was an unmixed blessing, it was when the boys of the telephone exchanges were superceded by girls."[108] Easier to train, less rambunctious and more attentive to their duties, they could be trusted "to give `the soft answer that turneth away wrath'." The contrast could not have been greater. "A telephone call under the boy regime meant Bedlam and five minutes," asserted Casson, "under the girl regime, it meant silence and twenty seconds."[109]

Nor was he alone in his assessment. One speaker before the National Telephone Exchange Association of America noted as early as 1881 that the service given by "young ladies" was "very much superior to that of boys and men. They are steadier, do not drink beer and are always on hand."[110] A decade later, the Montreal *Watchman* expressed the same opinion at greater length. "Why are women chosen as operators instead of men?" the paper asked:

> *In the first place the clear feminine quality of the voice suits best to the delicate instrument. Then girls are usually more alert than boys, and always more patient. Women are sensitive, more amenable to discipline, far gentler and more forbearing than men. Boys are less patient. They have always the element of fight in them. When spoken to roughly and rudely they are not going to give the soft answer. And every man is a crank when he gets on a phone.*[111]

Above all, praised Casson, the telephone girl "has made big business to run more smoothly than the little business did, half a century ago. She has shown us how to take the friction out of conversation, and taught us refinements of politeness which were rare even among the Beau Brummels of pre-telephonic days."[112]

From all accounts, it was precisely these qualities that had endeared Emily Lander to Bell Canada's Regina subscribers in 1887. As Saskatchewan's first "hello girl," she was a pioneer in her own right. At the same time, however, she was indicative of the type of woman who operated the switchboards across Canada between 1900 and 1930, during the Department of Telephone's early development. On average, they were single, under the age of 24, and attracted to the work because it offered better pay and higher status than the majority of occupations open to women of the day.[113] (Emily Lander, it will be remembered, was just 17 when she took charge of the exchange in Peter Lamont's bookstore.) But few, if any, looked upon their position as a permanent, long-term career. For one thing, there was little hope of promotion beyond the rank of supervisor. More importantly, most "hello girls" expected to leave their job as soon as they married, and thus quit the paid labour force altogether. Consequently, note historians Armstrong and Nelles, "cohort after cohort of teenage women learned how to patch calls through their switchboards, then left after four or five years."[114] Even so, their numbers grew in direct proportion to the rapid expansion of telephones across the country, until they constituted the single largest body of employees in the entire industry. Already in 1891 — the first year that such statistics were available — they composed over 20 percent of all telephone workers. By 1918 they formed a majority, and by 1931 they held 53 percent of the positions.[115]

All the while, noted Casson, the telephone girl became "so highly efficient that we now expect her to be a paragon of perfection." This only increased the demands on her expertise and patience. Completely ignorant, for the most part, of what her stressful job entailed, subscribers refused to wait their turn quietly, as they willingly did under similar circumstances at theatres, barber shops, post offices and railway stations. Every delay was regarded as a personal affront by telephone users, who ignored the fact that most delays and blunders resulted not from the mistakes of the operator, but from the carelessness of people who persisted "in calling wrong numbers and in ignoring the niceties of telephone etiquette."[116] An amusing poem, entitled "The Telephone Girl," was published by Regina's *Morning Leader* in February 1907, a year before the Department of Telephones was founded. It captured in playful verse the subscriber's customary frustration and irritation, on the one hand, and the operator's relentless patience and courtesy, on the other:

> *Hello, hello, hello! – I hear*
> *Her answering echo, soft and clear;*
> *A low, sweet, studied, trained reply,*
> *I never shall behold her eye,*
> *Nor know what roses on her cheek*
> *Of youth and grace and beauty speak.*
> *She's at the other end, and, lo!*
> *Her name, perhaps, I'll never know;*
> *But ringing, clinging, in my ear*
> *Her golden syllables I hear,*
> *Her constant, studied, trite refrain:*
> *"The line is busy; try again!"*
>
> *Fresh for the fray at golden morn,*
> *Laughing life's petty trials to scorn,*
> *I turn the desk phone to my mouth –*
> *A cherry "Hello!" Ah, the South*
> *Is in the softness of the note*
> *That echoes from her unseen throat.*
> *The languor of the ruby trips*
> *Around the orbit of her lips.*
> *I shall not ever know or see*
> *This telephone divinity.*
> *But I can hear her voice complain:*
> *"The line is busy; try again!"*
>
> *It is the busiest line, indeed,*
> *On earth, this line to me decreed.*
> *It's always "Line's in use!" when I*
> *Seek hurried message and reply,*
> *That soft "Hello!" so far, so clear,*
> *So mellow-sweet unto the ear.*
> *It checks the sudden-uttered word*
> *Her lips, I hope, have never heard,*
> *And makes me the transmitter swing*
> *Soft on its hook as anything,*
> *And brings in dreams, unto my brain*
> *Her "Line is busy; try again!"*
>
> *I cannot kick, I cannot swear,*
> *I cannot sulphurate the air;*
> *I cannot hurl the danged thing out*
> *The window, in impassioned rout –*
> *For, oh, so sweet, so far away,*
> *Her iterant answer sends its ray*
> *To cheer, to chide, to cool and calm*
> *The temper touched with breath of balm!*
> *And so the busy days go by,*

The same thing every time I try;
The same sweet, studied, soft refrain:
"The line is busy; try again!"[117]

In an editorial published a year later, the *Morning Leader* adopted a more serious tone in defence of the telephone girl against her would-be critics. Readers were reminded (as if there were room for doubt) that the operator "is paid her salary not to cater to the whines of any particular patron, but to judicially, implacably, dispense calls in order, favouring no one, slighting no one, plying hand and brain with the regularity of a clock—unless nervous prostration suddenly calls a halt."[118] Given the problem of impatient customers and the generally stressful conditions of her work (in large exchanges, for example, operators answered calls at an average of every 3.5 seconds),[119] it is no wonder that the *Morning Leader* described the job as "the most nerve-wracking vocation open to women."[120]

At least at major exchanges in cities like Regina and Saskatoon the operator was an anonymous person, a mere voice on the line. But in the smaller centres of Saskatchewan, where the telephone girl was also a recognized member of the community, her performance on the job and her personal life both came under close scrutiny. For the most part, relations were good between the local residents and the operator. She was the "personal link between the people and the community happenings," especially for items of importance that came up on short notice that were of interest to the entire community: public meetings, traveling entertainments, even hockey scores and fires. A "general ring" on the line was sufficient to summon all subscribers, to whom the message was read.[121] In return, local residents generally treated the telephone girl with consideration. They knew, for example, her hours of duty and respected them, though sometimes in an emergency the operator could be roused in the middle of the night by persistent ringing. "But it better have been a real emergency!" exclaimed Harlo Jones of Dinsmore, who also counseled patience. For if "the operator was engaged in a household chore or answering a call of nature, it might be necessary to delay your call for a few minutes and then try again."[122] As well, there were extraordinary cases of operators like Jessie Marjoribanks, whose neighbours esteemed her so highly that they intervened with the Department of Telephones on her behalf to secure a promotion and raise in salary.

But there were occasional problems, too. A common complaint across Canada was that "telephone users, in general, experience inconvenience and annoyance resulting from operators listening in." "In some instances," claimed columnist Edward P. Thompson of *The Canadian Engineer*, "conversation is seriously impaired" on both business and private lines as a result.[123] Usually, however, complaints focused on the poor quality of service provided at the local office, where the manual switchboard was operated in the early days by a single woman or members of a family, including young children.[124] In September 1910, for instance, the mayor of Broadview confided to J.A. Calder that the long-distance office currently serving the town "will not be satisfactory as a central for the local system," as the department had proposed. "I do not wish to make any allegations regarding the service given by my friend and neighbour *openly*," wrote the mayor in reference to complaints made by other citizens against the unnamed individual who ran the small exchange on a commission basis,

> *and I have little first hand knowledge of the matter but I think you would do well to* have steps taken to find out *whether it has been such as to warrant your making it central office for the local system. Both the office itself and the personal service (largely by children) is objected to.*[125]

A few months later, an inspector named O'Brien was sent by the department to investigate technical difficulties on the same line, but he found no evidence of "chronic poor service."[126] Ironically, however, the inspector had "a difficulty in connection with telephony" in his turn as a direct result of operator error. Attempting to call the Municipal Department in Regina, O'Brien "gave the number distinctly (637) and after repeating it four times and after considerable delay, I was connected up with the Audit Office (627)." He tried three more times with the same result. A fourth attempt connected him with the Regina Machine and Iron Works (237)! "At this stage," he wrote to J.A. Calder,

> *a girl in the (Education) office volunteered to get the Municipal Department for me. I have no doubt she could; but I should be able to do that without help. Finally the Municipal Department was got at. Will you kindly secure to me the privileges of the [main government] line? I would not complain* if this had been the first case.[127]

Although problems of this nature caused minor irritation and occasional criticism of operators, they were resolved easily. More difficult were allegations of bad behaviour by unchaperoned telephone girls, whose private lives were often subjected to the prurient interest of straight-laced townsfolk, according to narrow views of acceptable conduct as shaped by frontier morality. In 1920, for example, Hugh Dobson, the field secretary of the Evangelism and Social Service branch of the Methodist Church, alerted William Martin to just such a case at the telephone central in Broadview. He asked that the premier "deal with the matter in a way that would conserve the highest moral interests of the community." "It appears to me," Dobson wrote in a righteous tone, "that [hello] girls should not be required to work in a booth all night, which is really a shack on a back lot without due protection, that is, the residence therewith of older women."[128] Attached to his letter was a statement by operator Jessie Pollock, signed in the presence of Mrs. Harriet J. Pollard, the minister's wife, the former secretary of Grace Church in Winnipeg (the largest Methodist congregation in western Canada) and, it seems, the reigning town gossip.

According to Miss Pollock, she returned home from a Leap Year dance at the town hall sometime between 3:00 and 4:00 a.m. Opening the door to her quarters behind the telephone office, which she shared with a senior operator named Mercer, she unexpectedly discovered her roommate answering a call, while her beau, Mr. Rastall, stood near the back door. "After that date, Mr. Rastall and Miss Mercer made no attempt to conceal the fact that they were meeting at the office and going into the bedroom for hours at a time with the door locked."[129] Not only was this scandalous conduct for any young woman of the day, but Mercer's alleged trysts (the statement implied) could reflect badly on the Department of Telephones, even though Broadview was still a second-class exchange operated on a commission basis only. Investigating the matter at once, Martin discovered that because Jessie Pollock had "left Miss Mercer's employ without giving proper notice," two weeks' wages owing to her had been withheld. "This fact may have some influence on the mind of Miss Pollock," suspected the premier. He assured Hugh Dobson, notwithstanding, that Mercer's conduct would be examined with proper consideration. Yet he also acknowledged the need for caution in proceeding with such a delicate issue and admitted that the "officials of the Department have had some trouble coming to a conclusion as to what is the proper course to pursue." After all, he warned, "there is always danger of a case of this kind being wrongly dealt with."[130] Unfortunately, the outcome of his enquiry will never be known, for the surviving correspondence stops at this point.

For the most part, however, public scrutiny of the operators' private lives was not an issue for them. Chronically low pay was the major complaint of telephone operators both in Saskatchewan and across Canada. Prior to 1910, they earned on average the lowest wages in the work force, less than 13¢ per hour.[131] The war years from 1914 to 1918 only aggravated this situation when, in the face of rising costs and scarce materials, the provincial government at Regina had little money left over to raise salaries beyond modest amounts. Men, at least, could offer their services to the highest bidder; hence, many left public employment to construct rural lines for farmers' companies that were willing to pay top dollar for their labour. The loss of personnel to the private sector thus became a persistent complaint in the department's *Annual Reports* for this period. But female telephone operators were far less mobile than their male counterparts. In most instances, marriage was their only viable alternative.

As it was, "the restless condition of labour" had increased steadily across the country during the war years until it reached a general crisis in 1918. At the beginning of the year, as World War I raged on, the chief difficulty was the need to find 100,000 men to fill the work force without any "clear evidence of where they were [to come] from." Toward the end of the year, as the conflict in Europe ground slowly to a halt, conditions changed "with sweeping suddenness" as soldiers began to return home from overseas.[132] For a short time, the problem was no longer a lack of labour but an excess of it. As a result, unemployment was rife and readjustments had to be made. The new situation led to 169 strikes in Canada, as compared to 141 in 1917 and 152 in the three years between 1914 and 1916. From Halifax to Vancouver, civil employees, including firemen, CPR and CNR personnel, postal workers, policemen and miners (to name just a few of the sectors affected) agitated for better wages and working conditions. Significantly, many of these public service people had just been awarded the right to form unions within the previous two or three years.[133]

At this time in 1918, there were in Canada 148,887 members of labour organizations, an increase of over 100,000 since 1915. The single largest body was the Trades and Labour Congress, representing 117,498 members and affiliated closely with the giant American Federation of Labor (or AFL).[134] On 2 February 1918, a separate Canadian branch of that body was organized at Vancouver. Also affiliated with Canada's Trades and Labour Congress since

1908 was the U.S.-based International Brotherhood of Electrical Workers. At first called only a "national" brotherhood because of its American focus, the union was formed in 1891, at which time the AFL granted it sweeping jurisdiction over electrical workers in every branch of the trade and industry. This included linemen, wiremen and even female operators (as of 1892).[135] But from its initial headquarters in Springfield, IL, the NBEW soon extended into Canada with the establishment of Ottawa Local 93 in 1899. Very shortly after that date, the organization's name was altered to reflect its new North American character.

The appearance of nationwide and international labour unions such as these produced, however, a strong reaction from provincial governments, newspapers, business leaders—in short, anyone who could claim to speak for the Canadian Establishment. Already in the decade or more preceding the Great War, labour relations in Canada and other industrialized countries of the West had become increasingly strained over the universal issues of pay, employment conditions and workers' rights. But in late 1917 there also began to emerge an intense ideological aversion to trade unions as a direct consequence of the Russian Revolution that November, when V.I. Lenin and the Bolsheviks—backed by the working class—seized power in St. Petersburg.[136] In rapid succession, the new Communist regime signed a separate peace with Germany (thus abandoning their Capitalist European and Canadian allies), assassinated the Imperial Family, and laid the foundations of the future Soviet Union. If the great Russian empire could be toppled so easily in the name and with the aid of organized labour, asked alarmed governments at Paris, London, Ottawa and Washington, DC, what was to prevent the same thing from occurring elsewhere in the western hemisphere?

Driven by the same fear, newspapers and journals across Canada attacked many of the new unions as potential agents of Communist sedition. The stated campaign of the Canadian Federation of Labour, accused the *Canadian Annual Review* in politically charged language (to give just one example from 1918), "was openly Bolshevist—with extreme Marxist Socialism as the text and the enforced transfer of capital, property and means of production from the present owner to the workmen, as the basic policy."[137] This charge was widely exaggerated, however. In reality, the CFL's official platform was far more moderate (at least by modern standards), proposing such items as a guaranteed minimum wage, a 44-hour work week, mother's pensions, and so on. Its most obvious socialist position was the nationalization of heavy industry, a policy modeled after that of the British Independent Labour Party of Kier Hardie and Ramsay MacDonald, which was gaining political respectability in the eyes of many Englishmen.[138]

The operators' strike of 1918 in Saskatchewan must be viewed, therefore, within a larger context of labour agitation across Canada and much of the industrialized West toward the end of the First World War, though its impact was confined to the province. The walk-out was sparked by disagreement over a new pay schedule that the Martin government imposed on its telephone employees in mid-October after a series of talks. This was not, however, the department's first experience of worker unrest. Between May and November 1912, at the peak of Saskatchewan's boom period, there had been

SAB RA631(1)
Charles A. Dunning, Minister 1918–19

a number of strikes, including one by government telephone linemen at Saskatoon over the issue of pay.[139] With the outbreak of war two years later and the labour shortages that soon followed, the department had scrupulously avoided any quarrels with its telephone employees over wages or working conditions. It feared precipitating a strike that would interrupt progress on the government-owned long-distance plant or its smooth operation. In fact, declared Charles Dunning in 1918, the department's practice at all times was "to confer with its employees whenever circumstances and conditions seem[ed] to either party to warrant consideration of change, either as to remuneration or … regulations governing the operating of service." Since 1914, continued the telephone minister, the government had sponsored various conferences of this kind, as a result of which "advances were made in salaries to meet changes growing out of changed circumstances." This had included raises for some classes of operators "aggregating nearly ninety percent, … and in other classes fifty percent" during the same period.[140]

The telephone strike of 1918 originated in the aftermath of just such a conference the previous year, where the decision was made that any wage increases agreed upon would remain in effect for 1917–18, unless the department received a written request by a specified date "for conferences to consider further change." Although that deadline had passed, the government nonetheless consented to additional talks and further pay raises in February 1918.[141] Problems began the following August, however, when the department received a memorandum from E. Inglis, international vice-president of the IBEW's fourth district, outlining the wages and conditions under which the telephone employees were to be hired and asking for another meeting. Inglis (who "is not an employee of the department," sniped Dunning)[142] was informed that the department was in the habit of consulting directly with its employees, "and that they need have no hesitation in coming to the department at … any time on any matter." Instead, a committee formed of representatives from the various branches of the telephone employees in each of the department's districts, met at Regina to discuss the various conditions outlined in Inglis' memorandum and the current wage scales.[143]

Despite a series of discussions since mid-August, the two sides had failed to reach an agreement. Consequently, on 16 September the union sent a committee of its own to the Saskatchewan capital. There it presented a new schedule of wages and conditions to the department, on the argument that the province's telephone workers were paid worse than any other craft west of the Great Lakes. According to the Regina *Morning Leader*, "press reports at the time hinted plainly that a strike would result if the demands of the employees were not met."[114] This could be avoided, the union advised, if the department would agree to a board of arbitration. That request was refused, however, "on the grounds that the system was owned by the province and that the government was not justified in delegating its powers as the representative of the people."[115] Instead, a subcommittee of the cabinet, composed of A.F. Turgeon, C.A. Dunning and S.A. Latta, was appointed on 4 October to examine the proposed schedule "clause by clause." The union was told that a ruling would follow within a week or ten days. The telephone employees were hopeful, meanwhile, that a settlement of their differences with the department had been reached and "were quite content to await the decision of the Cabinet subcommittee."[116]

Finally, after a delay of two weeks, the three men completed their deliberations. A revised schedule of wages, Dunning announced on the evening of 14 October, would be revealed immediately to the department's employees. He gave assurances, in the meantime, that the proposed increases for each class of worker "would compare very favourably with the rates of pay for similar work in either of the other prairie provinces," and that they were especially advantageous for operators "who constituted the majority of the employees affected." Moreover, the new raises would be effective, retroactively, from the first of the month. When asked what impact this agreement would have on telephone rates across Saskatchewan, however, the minister equivocated. Undoubtedly, he admitted, "the increases provided for, together with increased cost of materials, would involve a material increase in telephone rates in the province." In the absence of more detailed information, however, any hike had to be worked out.[117]

But far from endorsing the subcommittee's offer as Charles Dunning had anticipated, the union complained that "instead of our schedule they sent us along something totally different." There were slight increases in two or three instances in the proposed government rates, to be sure. However, "to offset that conditions were so changed that if we had accepted their offer we should have been worse off in the long run than we were under the existing schedule." Furthermore, complained the union, "we were not given the opportunity to discuss the schedule as drawn up by the department in any way, shape or form."[118] Only the representatives of the operators, it appears, were permitted to respond. By Dunning's account, they were given copies of the current pay schedules for Alberta, Manitoba and Saskatchewan for comparative purposes, and invited to prepare an alternative "which they considered to be fair."[119] They failed, however, to report back to the government, perhaps on instructions from the union. At all events, claimed the IBEW, its members were told to take the government's offer "or leave it, just as you please."[120]

At first, it appeared that the amended schedule might be accepted.[121] But on 21 October, at a general meeting in Saskatoon, the union unanimously rejected the government wage scales. The membership further authorized E. Inglis to contact the telephone minister with a new request for a board of arbitration under the Dominion Industrial Disputes Act of 1907, in order to resolve the differences between the department and its workers. The wage increase proposed by the government was very small, stated Inglis in a press release on 22 October:

> *For some employees it means no increase at all. We do not want a strike. Our organization has gone on record as opposed to strikes, but we do not feel that our members, in justice to themselves or their families, can accept the small sum granted them. We are hopeful that Mr. Dunning will see the justice of our claim, and will agree to a board of arbitration.*[152]

At the same time, Premier Martin received telegrams from L.J. Walsh, president of the Saskatoon Trades and Labour Council, and A. Davies, secretary of the Prince Albert Trades and Labour Council, who wrote for the same purpose.[153] After all, admonished Davies in support of the union's position, the province of Saskatchewan "like all others in the Dominion must be prepared to pay wages consistent with [the] high cost of living; [I] therefore suggest that you follow [the] example of railways and raise rates necessary to give [the] increase asked by [the] telephone employees."[154]

Once again, however, the request for arbitration was denied. As William Martin explained at the time, the government had endeavoured

> *to make plain to employees and their representatives that [the] Dominion Industrial Disputes Act does not and cannot apply to employees of Provincial Governments, and also that it must be borne in mind that the people of Saskatchewan own this public utility and control it through the Government responsible to them and Government has no right to delegate its duties as peoples' representatives to [an] outside Board of Arbitration.*[155]

To act otherwise, warned Premier Martin ominously, and accede to the union's request for arbitration simply to avoid a strike, would spell the end of responsible government in Saskatchewan. Because the government was not a private corporation, he continued, it

> *can have … no benefit to gain by treating people and employees unfairly. Every effort has been made to fix [a] schedule which will allow employees [the] highest possible salaries consistent with services rendered by them and [the] revenue of the system.*[156]

As it was, Martin concluded, the new wage schedule proposed by the government would result in an increase of rates probably as high as the system could afford.

In his own statement to the press of 23 October, Charles Dunning also reviewed the negotiations since August between the union and the department, and repeated that in all likelihood telephone rates would rise sharply if the employees' demands were met. To avoid a strike, however, he was willing to hold a further conference with their representatives, and promised the appointment of a second cabinet subcommittee to review the matter should that meeting fail to produce results within 24 hours.[157] Then, inexplicably, Dunning adopted an offensive position tailor-made to antagonize the union and ensure rejection of the olive branch he had just offered.

Charles Dunning invoked the spectre of an emerging Communism, and then linked the two ideas. The current dispute between the department and its employees was caused, he charged boldly (and falsely), by an *American* labour organizer and "*Bolshevik* agitator" named Inglis, who had been working in the province for two or three months.[158] Moreover, though a committee of public employees chosen to discuss working conditions and wages with the department had expressed satisfaction with the government's recent offer, "it did not remain with this committee to accept the arrangement arrived at. That, apparently, was decided upon outside the circle of telephone business altogether," for Inglis simply took action over the committee's head.[159] Dunning then declared that the real issue at stake was whether the people of Saskatchewan could manage their own telephone system or accept dictation by "foreign agitators."[160]

This statement was, in effect, a declaration of war, and the union responded immediately. At a second general meeting held on 24 October, Local 572 replied with a blast of its own. It passed a strongly worded resolution "resenting the statement of Hon. C.A. Dunning, minister of railways and telephones, in claiming that Mr. Inglis, vice-president of the International Brotherhood of Electrical Workers, was an agitator from the United States." On the contrary, he was "a law-abiding and peaceful citizen of Canada;" a native of London, ON, in fact, whose "actions during this trouble have followed along the most peaceful lines."[161] With this exchange of salvoes, preceded by the union's rejection of the government's proposed schedule of wages, the telephone strike began.

Almost from the first, the dispute focused on the issue of operators' salaries. From all accounts, it appears that employees in other branches of the department (e.g., linemen, wiremen, cable-splicers, section-men, etc.) were satisfied with the wage increases and conditions of employment promised by the government, as Dunning had claimed. Among other items, the agreement established an eight-hour day, six days a week, for city exchange work at Regina, Saskatoon and Moose Jaw, and a nine-hour day for rural, long-distance and exchange work outside those centres. Each category of employee, from construction foremen to apprentice journeymen, also received a pay increase that ranged from 5 to 18 percent, depending on the individual's rank, seniority and level of training. Rates for work extending beyond regular hours or on statutory holidays were reconfirmed at time-and-a-half and double-time respectively. No deductions were made, meanwhile, for absences due to illness. It was reiterated, finally, that "at all times the Department of Telephones shall, by appointment, receive a committee appointed by the employees" to hear grievances."[162]

But the operators, according to Inglis, had not benefitted nearly as much. Under the old schedule dating from 1912, he contended, they had been "the worst paid in the west, their wages being for the girls, minimum $37.50 [for local operators newly hired] and maximum $50 a month" after two years' service. For long-distance operators, wages were slightly better. These started at $42.50 and rose to a maximum of $60 in their third year of employment. There were even examples of night operators at some smaller offices who were paid a meagre $30 per month—a figure the telephone minister flatly denied. The new rates offered by the government provided only a marginal increase, with salaries starting at $42.50 for all classes of operators, and reaching a maximum of $50 per month for city operators and $60 for long-distance operators. What the union demanded instead was a 15 percent raise across the board, with salaries beginning at $50 and rising to a maximum of $80 after three years on the job.[163]

There were additional grievances. Among other items, the operators were short-staffed at many exchanges and lacked sufficient equipment to perform their duties effectively, in any case. So not only was one hello girl required to do the work of two, she often had to share a headset with another operator. But, they complained, the sets were not hygienic, "and in these days of epidemics it is certainly risky to use them without being fumigated." (This comment referred to the terrible outbreak of Spanish Influenza in the last months of the Great War, which, by its disappearance in 1919, had killed an estimated 30 million people world wide, including 50,000 Canadians.) Scolding, finally, that "the government of Saskatchewan ... was setting a poor example to employers of labour in not granting a board of arbitration," which the union had repeatedly requested, every long-distance operator at Saskatoon walked off the job at 1:00 p.m. on 23 October. They were the first to go on strike.[164]

But the government refused to yield. Dunning announced the same day that it "was determined to stand by its decision." The new schedule of wages, he declared, "started operators at a higher salary than in either Manitoba or Alberta." The maximum salary also was greater than that in either of Saskatchewan's neighbours, and was reached more quickly. In fact, he stated, "the schedule now in effect, but which the employees have quit work rather than accept, involves a higher scale of pay for the majority of the employees than is paid for similar work" in the other two prairie provinces, whose schedules were no more than six months old. Otherwise, the government had gone "as far as possible" toward meeting the demands of its employees, "whom he felt had been influenced more than was good for them by outside influences who had no interest in Saskatchewan or its telephone system or the system's patrons." The operators, in particular, had been made "the victims of designing agitators" — yet another swipe at E. Inglis. In the meantime, the minister pledged that "while there might be some inconveniences for a few days, the telephone service would not be disrupted because of the strike."[165] The department was taking steps to continue long-distance connections and expected everything to run smoothly.

Dunning must have been elated, therefore, with the newspaper headlines the next day. These seemed to vindicate the government's firm stand. "Strike Affects One Percent of Telephones," announced Saskatoon's *Daily Star*; the "Telephone System Is Almost Undisturbed," echoed Regina's *Morning Leader*. Both papers reported (using statistics carefully supplied by the department) that of 54,000 telephone users in Saskatchewan, including subscribers to farmers' companies, only 547 were without service. Otherwise, there were few interruptions. The smaller centres of Rosetown and Kerrobert were almost completely cut off, except for their party-line links with rural systems. Prince Albert likewise had limited long-distance, though it enjoyed full local service. The same conditions prevailed at Saskatoon, the epicentre of the strike, where at least "the automatic phones ... were operating as usual."[166]

Nevertheless, long-distance service for sick calls resulting chiefly from the flu epidemic and other urgent business was available over the telephone system to most of the larger centres in the province. That was due, however, to the strikers' initiative, not the government's. For the union had authorized two or three operators to remain on duty at numerous exchanges, despite the walk-out, in order to handle such emergencies. (The others volunteered as nurses to help combat the virus.) "Trouble men" were kept on 24-hour stand-by at local labour offices in Saskatoon and Regina for the same purpose, in case of telephone trouble to doctors and hospitals. After all, explained the strikers' spokesmen as part of their public relations campaign, "it is not our wish that the public suffer for the want of getting calls through for sickness and doctors" during the current medical crisis.[167]

Otherwise, the walk-out was very limited at this point in time, with only 86 employees of the 404 potentially affected leaving their posts rather than accept the government's schedule of wages. Regina still enjoyed full local and long-distance service; in addition, of 395 telephone centres across the province, 391 were still at work. It was also reported that no commission offices, "which comprise the great bulk of the exchanges," were affected. Finally, dispatches from the department's Moose Jaw division, which extended west to the Alberta boundary and south to the American border, stated that employees were still at work and unlikely to join the walk-out.[168] Thus, "so far as the department of telephones is concerned there isn't any strike," wrote the *Morning Leader*. "Some employees have quit, but the majority are at work, having accepted the new wage scale of the government."[169] This, at any rate, was the situation as summarized by the telephone minister and other department officials, who were confident that the union had little support and "that within a very short time full service will be given in the few places affected by the strike." In fact, Dunning expressed great satisfaction that the telephone service, "considering the strike and the epidemic of Spanish influenza, was standing up very well."[170]

But his confidence was premature. Although no one expected the walk-out to last beyond Monday, 28 October, whether it could be settled even then was uncertain.[171] For as time wore on, the labour dispute gathered momentum and the union gained support. When asked, for example, if the Regina Trades and Labour Council would call a sympathy strike, R. Baldwin, as president, thought it unlikely, though he did not explicitly rule out the possibility. "[I]t will come up at our regular monthly meeting" in just a few days, he stated significantly. In any event, he had "no doubt but what a vote will be taken giving both moral and financial support to the strikers."[172] That resolution duly passed on 28 October, after a wire was received from the Saskatoon Trades and Labour Council that it, too, had put its full support behind the telephone employees.[173] President A.A. Pickett of the IBEW's Regina local (and a member of the strike committee) was even more direct than Baldwin. He predicted a general walk-out within 48 or 56 hours of the strike, "with all electrical workers in line as well as other organizations."

Indeed, reported the *Morning Leader*, talk was rife in labour circles of a general work stoppage, "which might help in tieing [*sic*] up some of the largest plants" in the provincial capital.[174] As it was, the strike was spreading to other sectors. News arrived from Moose Jaw that on 24 October, 20 to 25 linemen, switchmen, district inspectors and so on, had walked off the job in sympathy, Charles Dunning's earlier claims to the contrary.[175] Three days later, A. Davies of the Trades and Labour Council of Prince Albert wired Regina to say that the telephone strike in his city was serious, and to urge the government to find a resolution of the labour dispute.[176] It had spread, as well, to Outlook, Nokomis, Battleford, Lumsden, Regina Beach and elsewhere in the province. At Saskatoon, meanwhile, the union boldly asked City Commissioner Yorath to halt power supplies to the provincial plant during the walk-out. "No threats were made," reported the *Daily Star*, "but it was intimated that if the city could not see its way clear to cut off the power a sympathetic strike among the electrical workers of the city might result."[177] Already, the Saskatoon City Council had thrown its weight behind the telephone employees and urged the government to open further negotiations with the strikers in order to reach an amicable settlement.[178] The Saskatchewan Grain Growers' Association had done the same. Thus encouraged by this groundswell of support, the union became "more than ever determined to stand pat" on its wage demands.[179]

The deadlock continuing, however, both sides in the labour dispute appealed to the court of public opinion to plead their case. For the government, the issue was economic and administrative. It repeated its willingness "at any time to hear a delegation representing the telephone employees if they desire to consult us."[180] (Significantly, the IBEW was not mentioned.) The government further reiterated that the wage increases already offered by the department, "generally speaking put its employees in a better position than similar employees in other Provinces." But it continued to warn that "the amount of increased expenditure necessary to meet the new schedule will make it necessary to increase the telephone rates." Imagine the cost if the department acceded to the union's desires, the public was asked? Whereas the raise in wages according to the government's scale amounted to $60 per person per year, the demands of the strikers—if adopted—would mean an increase of $120.[181] Not only was that unreasonable, but if telephone charges rose to meet it, "many people who use the telephone now will cease using them [*sic*] and this would simply place us in a position where we would not be able to keep the telephone business on a proper financial footing."[182]

That, of course, would contradict the very principles upon which Walter Scott's telephone legislation had been based in 1908. As Premier Martin explained,

> *the Government of Saskatchewan has no selfish interest to serve in connection with the adjustment of wages. The telephone system belongs to the people of the Province and those who work as telephone employees are employees of the people of this Province and it is the people who pay the wages. Our duty is to endeavour to conduct the system in such a way that it will be self-sustaining and will provide from year to year for the paying off of the debt which has been incurred in its construction.*[183]

Consequently, the Department of Telephones would go "just as far as [it] possibly can consistent with the people's interests to meet the requests of such employees," but not to the extent of submitting to a separate board of arbitration, as the union consistently demanded. "In administering the telephone system," wrote Martin at a later date,

> *we represent all of the people of the Province and our only desire is to have it conducted in such a way as to be fair to the employees on the one hand and to the telephone users on the other. Under such circumstances I do not see why the authority of the Government in a matter of this kind should be delegated to any other body.*[184]

For the union, by contrast, the issue was economic and "humanitarian." What it wanted was equitable treatment for telephone employees, in general, and payment of "a Fair and Moral living wage" to operators, in particular. Ever since 1912, union spokesmen asserted, "every trade and industry has had to increase the pay of their workers" from 15 or 29 percent to as much as 60 percent. Even Lawyers had been granted permission recently by Ottawa to increase their rates by a comparable amount. But in Saskatchewan, repeated requests for raises by telephone workers had been rejected by the government, along with their proposal for a board of arbitration. Considering, therefore, that the employees and their union had tried every effort since August 1918 to have their wage demands reviewed favourably, no "just person can condemn us when we resort to the only method that is left to us and strike." The government was elected "to look after the interests of the citizens of Saskatchewan ... as a whole, but are not the telephone workers a part of these citizens whose interests they are to look after?" The mere fact that the department's employees are public servants "should not debar them from receiving a living wage." In support of this argument, the union quoted a recent order of the Dominion Privy Council (No. 1743), dated 11 July 1918,

> *That all workers, including common labourers, shall be entitled to a wage ample to enable them with thrift to maintain themselves and their families in decency and comfort, and to make reasonable provision for old age.*[185]

Instead, the union charged, the government at Regina deliberately kept wages low so that it could demonstrate a budget surplus at year's end, while shifting the blame for the current strike onto its telephone employees.[186]

Hardest hit of all, however, were the operators. "Long before the war broke out in Europe," recalled union spokesmen,

> *A well-known labour member of parliament in England was asked to deliver an address on the subject: "Can a Man be a Christian on five dollars a day?" His reply was, "He could not be anything else!" But when the same question is asked as to "Whether a Regina telephone girl can be a Christian on $30 per month?" the answer is that she might soon become an angel, or something worse.*[187]

The fight for Saskatchewan's operators was for the right to a "human wage" to keep themselves in decency. In view of the prevailing high cost of living, this was impossible at their current meagre salary. According to the Labour Bureau's statistics for the province from 1913, in fact, a wage of $9 per week was calculated as the least on which an operator could subsist, without including a single luxury. But by 1918, "with the great advance of living costs as a result of the war, it was quite inadequate;" hence, in comparison with previous prices a raise to $50 per month—as the union now asked—would not be extravagant, especially considering that monthly room and board ran currently from $35 upwards.[188] That increase could be paid for by a modest hike in telephone rates of 5¢ per month. "[W]e do not think that anyone would begrudge this small increase so that telephone workers can receive a living wage instead of the mere pittance that we are offered by the Hon. Chas. Dunning."[189] Besides, "we think it very poor policy on the part of the department to be running a business where they cannot pay a fair wage to its employees."[190] Yet it was also a question of whether "our women shall represent a high class of womanhood," or be sacrificed to the avarice of "a few greedy employers?"[191] For these reasons, asserted the union, the current strike was above all else "a humanitarian movement" from which all telephone workers would benefit. As for those department employees still on the job, "let us remind you that the boys in the fields of Flanders are doing their bit in the interests of Freedom... [A]re you prepared to do your bit?"[192] If Dunning could conjure up the sinister spectre of Bolshevism to defend the government's position, however preposterous, the union could make an equally dubious appeal to Canadian patriotism to promote its stand.

Not all of this rhetoric was so elevated, however; for both sides in the dispute continued to snipe at each other at every opportunity. Government spokesmen characterized the strikers' statements on the department pay scale as "absolute falsehoods" calculated to deceive the people of Saskatchewan. In particular, they denied union allegations that operators' salaries were unlivable, contending instead that under the new rates offered by the department, "these wages are higher than as paid in either Manitoba or Alberta." Furthermore, the government claimed, the operators "in any case had expressed themselves as satisfied" with the raises they had been granted, and had only joined the walk-out on union orders. As for the union's claim that any further increase in salaries could be paid for by a modest hike in telephone rates, the department pointed out that of 56,000 telephone users, 35,000 subscribed to rural lines. By law, "any distribution of increased wages and material costs by the government system can only be made over telephones which form a part of that system and not over those which are owned and operated by farmers' companies." The government certainly had no more authority to interfere with these firms than with any other business concern. So the additional pay raises demanded by the union could only be met by doubling provincial telephone rates. Hence, the department "intends to make no change in a decision which has been accepted as fair and just by all but 80 out of over 400 employees affected."[193]

The union, on the other hand, accused the government of duplicity and the use of strong-arm tactics to compel operators and other telephone employees back to work. The government had massaged its figures in order "to shelve the blame" for the strikers' alleged misstatements, and to deceive the Saskatchewan people so as "to shirk any of the liability for this dispute." It had resorted to lock-outs across the province, and then misled the public into believing that the closures were the fault of the strikers—a charge hotly contested by Charles Dunning. But "we have telegrams from the operators at these points" that the exchanges "were closed and locked up by the provincial police officers and the girl operators turned out of the rooms" behind the buildings in which they lived. The department also was alleged to have sent officials around the province to tell operators that if they accepted the official pay scale and returned to duty, they would receive a further increase of $5 per month. If they remained on strike, however, they would be discharged and gaoled. "We do not like this form of Prussianism in a democratic country," scolded the union with reference to Canada's German enemy overseas, "when we look for a square deal and where every citizen has a perfect right to try to better his or her condition in order to live a decent, respectable life, becoming a civilized country." Then mixing its metaphors, the IBEW urged in the name of progress and fair play that if the department were to "meet with the workers as citizens of this great country of ours ... and not try to palm off on us the treatment that was meted out to the Serfs in Russia and a few other countries that are years behind the times, then there will be some hopes of a settlement."[194] Clearly, the union knew as well as Dunning how to manipulate recent events in Russian history to advantage. It also threatened strong-arm tactics of its own when the IBEW warned that it could increase the number of workers on strike "at any time" if employee demands were not met.[195]

In spite of this continuous barrage of invective and self-justification, both sides endeavoured to find middle ground in the quarrel behind the scenes. Speaking for the government, Charles Dunning made it clear that any striker who wished to, could return to the job without penalty. He also held the door open for discussions with a committee of telephone employees at any time, to resolve their differences.[196] The union similarly declared its willingness to meet the telephone minister half way "to talk straight business." IBEW vice-president E. Inglis even hinted that the strikers might accept the 5 percent salary raise offered by the department and return to work, if it would accept in return a minimum starting wage for operators of $45 per month, increasing to a maximum of $70 over three years instead of the current four, as a basis for discussion.[197] Consequently, the government and the union agreed to negotiate almost from the beginning of the labour dispute. Preliminary talks on Friday, 25 October, failed to produce results, however. More fruitful was a second meeting held the following Saturday, 2 November, between District Superintendent W. Warren, Inglis and a four-man strike committee composed of representatives from Saskatoon and Regina.[198]

At an informal discussion the previous evening, Warren resolutely declined to commit the department to any terms, unless the striking employees could find ways or means to return to work within the government's schedule of wages, under protest if necessary. At that time, he promised, the whole matter of salaries and working conditions for both operators and other telephone employees would be reopened.[199] Thus encouraged, the strike committee arrived at the formal talks the next morning, prepared to work out an alternative set of conditions, in order "to bring the present controversy between the department of telephones and its employees to a speedy settlement." They agreed to four items. The first two reiterated the union's demand regarding minimum and maximum rates of pay for operators. The third item was for the reinstatement of all employees, including operators, to their former positions without prejudice. The fourth item was by far the most contentious, although "the hint was thrown out that later it might be possible to grant this also." It asked that all strikers be remunerated for time lost during the walk-out.[200] This short list was delivered to Charles Dunning the same day for his approval.

The telephone minister responded immediately. The government was not prepared at this point, he wrote, to change the pay schedule now in effect. But he was willing that the strikers return to work under protest, on the understanding that the department would review the question of minimum and maximum rates of pay for operators at the time a new scale was prepared. This would be undertaken as soon as possible. Dunning also agreed that employees who returned to work immediately would be reinstated in their former positions. He refused, however, to consider the issue of back-pay, except in the case of operators. Because they had been the focus of the whole controversy, only they would be paid for lost time. Even so, the minister thought the request was unreasonable. But "in view of the public necessity due to the [flu] epidemic, the government is not prepared to let the point stand in the way of the operators returning immediately to work." Dunning stressed at the same time, however, that this concession was not to be regarded as a precedent for future disputes.[201]

At first, it appeared that the government's conditions would be accepted. But there were two stumbling blocks. One was Dunning's refusal to consider back-pay for all employees, not just operators. The other was a fresh rumour that R.C.F. Chown, the Superintendent of Construction, had offered the telephone girls in Saskatoon a $5 monthly bonus to return to work, without reference to their colleagues elsewhere in the province. "When we heard this," scolded union spokesmen, "we felt the government was trying to double cross us." Consequently, at special meetings held in Regina and Saskatoon on Sunday, 3 November, the telephone employees voted to reject Dunning's terms. When asked if the department's offer was still open in light of this rebuff, the minister answered calmly that all who wished to accept them could return to work.[202]

Despite this setback, these direct negotiations had proved valuable in identifying the essential bones of contention between the two sides. With the strike now entering its third week, the government and the IBEW were both eager to end it. The department wanted to restore long-distance service, especially in view of the spreading flu epidemic, while the strikers were running out of resources. Seeing that the only issue on which the department adamantly refused to compromise was the demand for back-pay for all strikers in addition to the operators, the union agreed to reconsider Dunning's recent offer. As a result, on 6 November the strike committee informed the telephone minister that all employees would report for duty as usual on Saturday, 9 November, on the understanding that there would be an immediate review of the government's wage schedule.[203] Later that evening, E. Inglis telephoned Charles Dunning to say that the union had been in contact with T.M. Molloy of the Provincial Labour Bureau, and "through his good offices have succeeded in coming very nearly to a place where we both agree." "We are holding another meeting Saturday morning," added Inglis, "and believe we can arrive at common ground."[204]

Having reached this "happy condition of affairs," the operators returned to work on the appointed date. The strike had lasted a total of 18 days. Yet it did not appear to have left behind any bitter residue despite the acrimony with which it was conducted in the public sphere. But the government was not out of the political woods yet. As the Trades and Labour Council of Regina pointed out toward the end of the month, the settlement concluded between the department and its employees on 2 November was essentially a verbal agreement. Formal terms were still pending. Hence, the council warned, "there is a possibility of a resumption of the telephone strike immediately after the New Year unless some definite settlement is reached with the government department of telephones in the meantime."[205] Although that walk-out never transpired, it seems that the employees were still waiting for a review of the pay schedule a year and a half later.[206]

CHAPTER NINE

FROM PROSPERITY THROUGH DEPRESSION, 1924–1939

TELEPHONE DEVELOPMENT IN SASKATCHEWAN between 1914 and 1924 had been remarkably extensive and steady despite the difficult conditions of global conflict, political scandal, labour dispute and economic recession at the end of World War I in 1918. But the period from 1925 to 1930 witnessed still more intensive growth as the farm economy recovered swiftly and demand for service expanded rapidly, especially in the cities. Indeed, write Armstrong and Nelles, Saskatchewan's performance in extending the public telephone plant to a widely dispersed population was "exceptional" at this time.[1] At first glance, though, it seems as if only modest gains were made on the provincial system during this five-year span. Trunk lines lengthened by just 385 pole-miles of new construction, while there was a net increase of a mere nine government exchanges. Yet expenditure on the Department of Telephone's capital account grew by $3.3 million over the same period.[2] Clearly, this money was not being used to fund major extensions to the publicly owned long-distance network. That had been declared more or less complete in 1924. Rather, the chief expenditure came in connection with two main items.

The first was continuing investment in new technologies to keep pace with the rapid developments in telephony implemented elsewhere in Canada and the United States. This included investigation of innovations such as wireless telephone equipment, which Premier Martin had first examined on a trip to New York City in 1920. At his return to Regina, he reported enthusiastically that "he had talked by wireless to points 50 miles distant from the New York office, where the demonstration was held, and heard just a well as if he had been speaking over a wire system in the best of order."[3] Despite successful experiments performed at Candiac, SK, however, the technology was rejected on the recommendation of Chief Engineer William Warren, who doubted its commercial viability.[4] He had no such misgivings over Saskatchewan's first carrier system, installed between Saskatoon, Regina and Moosomin in 1928. By means of this technology, which was developed in the US in 1917, four conversations could take place simultaneously over a single pair of wires, without interference or cross-talk. This was accomplished by superimposing voice currents on high-frequency currents that were beyond the range of the human ear.

Yet not every innovation in telephony came from out of province. In February 1923, for example, two Saskatchewan radio stations, CKCK in Regina and CFQC in Saskatoon, broadcast the first religious services in Canada via telephone wire links from local churches to urban residents and farmers. Occasionally, however, the lines crossed, interrupting the transmissions with personal calls "sometimes to embarrassment, and always to amusement." The same technology was used the following May to carry the music festival program from Prince Albert to CKCK for broadcast to Regina radio listeners. Nor was this all. Two years later, in 1925,

> *A device was invented by Harry B. Sherman, engineer for the Saskatchewan Telephone system, designed to eliminate "listening in" on party lines. By simply pushing a button the person going to use the telephone might close off all connecting telephones on the line from listening in on the conversation. Mr. Sherman was a graduate of Syracuse University [NY], and did some graduate work later at Chicago.*

The benefits of this device would have been obvious to any subscriber on a rural system. But it does not appear to have been adopted widely, if at all.

The second major item of expenditure prior to 1930 came with the need to refurbish aging circuits, enhance the carrying capacity of existing lines, improve the quality of long-haul transmissions, and accommodate an increase of more than 10,000 new subscribers on the government system. Already by 1925, the provincial network had grown "old" and required renewal. Referring to the Chicago Telephone Commission's findings of 1908, Deputy Provincial Treasurer A. Perring Taylor indicated in 1929 that the average life-expectancy of telephone equipment was approximately 12 years, even without the extremes of Saskatchewan weather patterns, though this figure varied from item to item. Longest-lived were underground conduits made of vitrified clay tile embedded in concrete, of the type used for laying cables primarily in cities. These lasted an estimated 50 years. Aerial cables, by contrast, wore out after only 15. For other materials, the period was shorter still. Cedar poles, including cross-arms, had to be replaced within 10 years or sooner, depending upon soil conditions and moisture levels, while drop wires that connected a subscriber's line from the terminal on the pole to his house had to be renewed after eight. The telephone sets installed in private homes and businesses also had a limited life of no more than a decade. Exchange equipment aged just as rapidly. Switchboards had to be replaced after eight years, if only to keep abreast of technological advances, or to handle larger numbers of subscribers; meanwhile, office furniture, fixtures, tools and so on had to be renewed after four. Even the "fire-proof" exchange buildings (of brick construction as opposed to simple wood framing) were expected to be serviceable for only 40 years, no matter how well built.

Ever since 1914, when the public system was hardly six years old, the Department of Telephones had recognized the need to upgrade existing lines and modernize out-dated materials. Portions of the network purchased from Bell Canada and other independent companies were much older, after all,

SASK GOVERNMENT
TELEPHONES

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Telephone workers standing beside a department truck.

than the construction of new circuits initiated by the government in 1909. That slow work of renewal had continued throughout the war years. By 1925, however, the situation had become acute, owing to the age and size of the entire provincial plant and the increasing demands for service placed upon it. Long-distance traffic was particularly heavy, expanding from 2,883,224 completed calls in 1924 to 3,679,119 in 1929 – an average increase of 115,179 messages per year.[8] Such growth necessitated the rearrangement of existing equipment and the installation of new facilities to relieve congestion on the overburdened system.

Consequently, between 1926 and 1927 alone, 1,467 extra miles of wire were strung along established lines, in contrast to just 157 wire-miles of new construction.[9] Additional repeaters, used to amplify telephone transmission signals, were placed at strategic points on the provincial network to improve the quality and clarity of long-distance connections. The period also witnessed increased installations of Private Branch Exchange (or PBX) "Trunk-Hunting" connectors at businesses linked to the exchanges in Regina, Saskatoon, Moose Jaw and Prince Albert for the same purpose. One such business was the Hotel Saskatchewan, which had over 300 local telephones.[10] Where a commercial concern or other organization had several lines leading from the central office and terminating either in separate telephones or in a private exchange switchboard, it was customary to list only one directory number for that group of lines. This made it necessary, however, to provide special connectors at the central office that could find an idle circuit to the subscriber's premises, when the directory number of that subscriber was dialed.[11] This innovative switch allowed, in other words, the automatic selection of a free line from a group of subscriber lines on receipt of a call to the subscriber's telephone number, and returned a busy signal only if all of these circuits were engaged.

The department similarly spent large sums on the purchase and complete reconstruction of the Oxbow and Midale town plants in 1926; the erection of

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Workers erecting telephone poles in a rural area.

new exchange buildings at Gull Lake, Nutana, Yorkton, Lanigan and Saskatoon in 1926–27; the inauguration of town systems at such places as Neidpath, Willow Branch and Cadillac over the same period; the construction of the department's first official head office at Regina in 1924; and the continued development of automatic service, in which Saskatchewan "led the way." Indeed, boasted a former Minister of Telephones in the budget debate of 1930, "in this direction we have progressed further than anywhere else in Canada or on the continent, for we now have nine automatic exchanges in operation."[12] Yet it was the growth of Saskatoon and Regina that accounted for the heaviest capital expenditure on telephones between 1925 and 1930. Already the increase of local and long-distance business in both municipalities had forced changes of procedure. Starting in 1921, for example, in addition to the telephone directories published twice yearly for the department's three provincial districts, separate editions were issued for Regina, Saskatoon and Moose Jaw, as well. This practice continued through the remainder of the decade.

By 1925, the point had been reached in Saskatchewan's two leading cities where substantial alterations to the exterior plant and considerable additions to the central office equipment also had to be made if demands for service were to be met over their aging systems. This included extensive underground and aerial work, planned carefully not just to provide for immediate requirements but also to anticipate the needs to come.[13] The same thinking lay behind departmental projections for Saskatchewan as a whole at this date. During the budget debate in the Legislature on 25 January 1929, the Minister of Telephones identified the source from which future pressure for extensions of service was most likely to come. "We are going to be faced with a demand for telephone development in the north of the Province," he predicted. "For a time that development will not be profitable but it has always been our policy to extend the system and give toll and local service as far as possible."[14]

Rural telephone development continued, meanwhile, just as steadily as the provincial long-distance plant, especially in new territory opened up by recent railway extension. How different was the experience elsewhere in Canada, where most telephone enterprises found the cost of rural service very heavy during the 1920s and were compelled "to modify their corporate strategies to cope with the problem."[15] Saskatchewan now reaped the benefits of having avoided the policy adopted by Alberta and Manitoba of trying to supply each farm house directly with telephone service. From the very beginning, it had encouraged farmers to serve themselves through the organization of locally owned and managed companies.[16] In 1925, 1,184 such companies were operating under the terms of the old and new Acts, with a total of 64,581 subscribers. By 1929, these figures had risen to 1,185 (exclusive of 24 independent companies not incorporated under the legislation) and 70,156 respectively.[17] In other words, during the second half of the 1920s, rural telephones served over 50 percent of the farmers in Saskatchewan, which was the largest percentage in North America.[18]

At first glance, however, the growth in the number of rural firms seems negligible. This was not due to lack of interest or available cash. On the contrary, recalled homesteader George Shepherd, crops were good between 1924 and 1929, wheat prices soared and money poured back into farmers' pockets.[19] What appears to have been a very modest increase was the result instead of an escalating trend among rural companies to amalgamate, according to a "principle of centralization and cooperation." This was both encouraged and assisted by the department "whenever practicable." Specifically, farmers' systems connected to smaller centres increasingly transferred their circuits to bigger ones, or several minor central offices combined to form a single large exchange.[20] In other cases, companies formed under the original Act of 1908 simply sold out to, or were absorbed by, firms incorporated under the Act of 1913.[21] Still others reorganized under the latter legislation to take advantage of the provision for borrowing money on debentures. Consequently, reported the Local Government Board, while the greater part of the province was served by rural corporations already in existence, "the major potion of the debentures [for 1925–28] are being issued only for making extensions to existing systems," rather than building new ones.[22]

At all events, the reduction in the number of older companies balanced almost equally the formation of new ones.[23] Moreover, the fact that this activity resulted "ultimately in better service" by creating a more efficient and economic relationship among exchange plant, pole-miles of line and number of subscribers explains why the department so eagerly encouraged it.[24] The return to prosperity after 1924 also enabled rural companies to meet their debenture repayments on schedule. By 1927 many of these corporations had reduced their capital indebtedness significantly, while two years later a large number had retired their original debt altogether.[25]

Just like the provincial long-distance plant, the rural systems were aging.

"Many were more than a decade old, and replacement was becoming an immediate concern."[26] So reconstruction of dilapidated lines was begun in order to arrest the decay and ensure satisfactory levels of service by some companies, but not all. The problem was that most lacked the financial reserves to fund the repairs. The telephone legislation had given farmers' firms the responsibility to make adequate provision for depreciation out of current revenue. Considering, however, "the rather casual attitude of the rural community toward the keeping of accounts and the austerity occasioned by the post-war depression," writes Dufferin Spafford, few companies had put money aside for future need.[27]

Consequently, the government was forced to step in to resolve the difficulty. In 1928, the Rural Telephones Act was amended to permit farmers' firms to increase their usual tax levy by not more than 10 percent, in order to create a reserve account. The extra revenue this raised was to pay specifically for "rebuilding or repairing" rural lines.[28] As Spafford points out, no system of replacement was prescribed by the legislation. But by making replacement costs a charge upon the land—just like debenture repayments—the amendment smoothed the efforts of companies that adopted independently such a system.[29] The government's timely action thus prevented the serious deterioration of the assets of the rural corporations and promised to be "of material assistance in the future."[30] The purposes of the special-levy program instituted in 1928 were soon frustrated, however, by the onset of the Great Depression.

It was to the department's credit that the growth of the provincial long-distance and rural plant throughout the 1920s kept pace with telephone development across Canada. By the beginning of the next decade, before the global recession began to take a serious toll, 921,783 people made Saskatchewan their home. This represented an increase of 164,275 people (or 21.68 percent) between the two censuses of 1921 and 1931. Of these residents, 290,905 dwelt in the cities and 630,000 inhabited the countryside. With 8.88 percent of the total population of Canada living within its boundaries (up from 8.62 percent in 1921), Saskatchewan retained the status it had enjoyed since 1912 as the third most populous province in the Dominion.[31] The census of 1931 further revealed that there were 1,334,534 telephones in Canada, or 13.8 sets for every 100 citizens.[32] "[I]n this respect," boasted the *Canadian Annual Review*, "Canada ranked second in the world, the United States being first."[33] With its share of 112,237 telephones, or 13.2 sets per 100 residents, Saskatchewan fell just short of the national average. Only British Columbia and Ontario had a better ratio (with 20.8 and 18.3 telephones for every 100 inhabitants respectively).[34]

As for farmers' telephones, Saskatchewan led the country. "In all the provinces," noted *The Canada Year Book* for 1925, "besides the large telephone companies, are many smaller systems, both urban and rural, usually owned privately or co-operatively. The number of independent lines is particularly large in Saskatchewan," where 68.44 percent of the population resided on farms. By then, there were 1,212 municipal and rural firms, excluding the government-owned plant. This was more than twice the number in Ontario, the next runner-up.[35] "Except for Sweden," added the *Canadian Annual Review* in 1927, "Saskatchewan had more rural telephones in proportion to population than any other Province or country."[36] In view of these many achievements, the Liberal government looked forward to a booming future. But the gathering of political and economic storm clouds in 1929 all but destroyed that bright forecast.

ELECTORAL DEFEAT AND THE END OF AN ERA

The political tempest was the first to break. Ever since the formation of Saskatchewan in 1905, the Liberal party had dominated the provincial government and public policy. In election after election, first under Walter Scott and later under William Martin, it had been returned to office in Regina. This pattern continued unbroken through the decade of the twenties until its close. Four years after inflicting a humiliating defeat on the Opposition despite the scandalous Bradshaw charges—or perhaps because of them—Premier Martin scored a second victory at the polls on 8 June 1921. Not only had his sudden call for an election caught the numerous opposition parties off-guard and unprepared, but with no federal vote scheduled for that summer, the premier could claim that Liberal politics on the provincial and Dominion levels were still separate. Since 1919 the relationship between the two had become a major bone of contention for Saskatchewan farmers. They had become increasingly angry by Ottawa's unwillingness to change the existing tariff structure for wheat and other items, or to initiate legislation beneficial to western agriculture. Moreover, they suspected that the provincial Liberal party was being exploited by its federal counterpart on these very issues to the detriment of their well-being.[37]

In any case, during the 1921 election campaign Martin had pledged, among other platform promises, "to, wherever practicable, extend the Provincial Telephone system, thereby encouraging the more rapid development of the Rural system."[38] The premier had both a personal and professional stake in keeping his word. Already Minister of Railways and Education, he added the telephone portfolio to his many duties on 1 March—just three months prior to the provincial election—after dropping William E. Knowles from his cabinet.[39]

Born in 1872, the son of an Irish Presbyterian minister, Knowles had been reared and educated in his native Ontario like so many other members of Saskatchewan's first governments. He had moved to Moose Jaw early in the twentieth century, and had sought elected office almost immediately. After serving two terms in the House of Commons in Ottawa, he had returned to his adopted province, where he was appointed Minister of Telephones on 15 February 1919. But Knowles' appointment was not successful. His overt partisanship so offended farmers, whose dissatisfaction with Liberal rule had continued to grow, that Martin forced him out of the government. Thereafter, the former minister returned to private business in Moose Jaw. Knowles had his defenders, however. With a back-handed slap to the government, the North Battleford *News* praised him for being

> *much bigger than any provincial telephone department and really that was the reason why he decided to get out of provincial matters. By doing so he would be free to contribute something worth while to the larger*

> *sphere of public service in Canada, namely, Dominion affairs. Mr. Knowles is one of the best campaigners in the West and will yet be heard of in more ways than one in the stirring days ahead.*[40]

Soon afterwards, William Martin left politics. After retiring voluntarily from office on 3 April 1922, he was appointed to the Saskatchewan Supreme Court as chief justice. His successor as premier was Charles Avery Dunning (1885–1958), who had served briefly as telephone minister following the resignation of George Bell in early October 1918. The selection of the new premier was calculated to appeal to the restive farming community. Born in England, Dunning had immigrated to Canada in 1902, and then moved west as a homesteader near Yorkton. Soon after his arrival, he had joined the Saskatchewan Grain Growers' Association, becoming its director in 1910 and its vice-president from 1911 to 1914. In the meantime, he had also organized and managed the Saskatchewan Cooperative Elevator Company from 1911 to 1916. Elected subsequently to the Legislature as Liberal MLA for Yorkton, Dunning had entered the cabinet as Provincial Secretary and Treasurer, before briefly taking on the telephone portfolio at the time of the operators' strike of 1918.[41] From the evidence, it is apparent that William Martin viewed Dunning as his successor when the time came. As a staunch Liberal with close ties to farmers and considerable experience both in public office and the private sector, he was the obvious choice. Besides, he understood the wheat economy upon which Saskatchewan's prosperity depended.

Although government policy during the first two years of Dunning's administration was one of economy and retrenchment in view of the continuing recession, he boldly issued a manifesto on 12 April 1922—just days after taking office—in which he outlined his future plans and proposals. Among other items, he reaffirmed his government's commitment to the "extension of the Provincial Telephone system as fast as increasing business warrants."[42] In the cabinet shuffle that followed his appointment, the new premier named Archibald P. McNab (1864–1945) as Minister of Telephones and Public Works, positions he held for the next four years.[43] Another Ontario native, in 1902 he also had come to Saskatchewan where, like Dunning, he had engaged in the grain business at Rosthern. By 1906, he had moved to Saskatoon, becoming a partner in, and then president of, the Saskatoon Milling & Elevator Co. He had interests in wheat mills at Humboldt and Weyburn, as well. McNab was elected to the Legislature for the first time in 1908, and became successively Minister of Municipal Affairs (1908–12) and Public Works (1913–26), before accepting the telephone portfolio under Dunning on 5 April 1922.

According to contemporary writer John Hawkes, the "departments of public works and telephones are particularly well adapted to Mr. McNab's capabilities, as they are essentially business departments and to their administration he has applied those sound, common sense methods which have made him a successful figure in the business world before he entered the field of politics."[44] Certainly, it was during McNab's tenure in office that the telephone department launched its renewal program of the provincial plant in the second half of the 1920s. He also gained national recognition for the department when he was elected vice-president of the Telephone Association

SAB RA-252(2)
Archibald P. McNab, Minister 1922–26

of Canada in August 1925 at its annual convention in Winnipeg. Founded in 1921, the organization's prime objective was

> *to protect telephone investments; to establish uniformity of construction, maintenance, operation, and accounting; to disseminate useful information; to cultivate cordial relations and do all things necessary to systematize; to unify and render efficient the telephone service in the Dominion of Canada.*[45]

W. Warren, the chief engineer, was elected as one of the organization's seven directors at the same meeting.[46]

Thanks to the speed with which Dunning mobilized government policy to resolve current agrarian problems, especially debt relief for cash-strapped farmers still suffering from the effects of the post-war recession, the Liberals handily won the next provincial election on 2 June 1925. The premier's muted relations with the Liberals in Ottawa also helped. For as *The Progressive* observed at this time, "Many people of Saskatchewan ... were content with the Dunning government so long as that Government refrained from ... support [of] its federal parent."[47] Telephones, though not a major issue of debate, were nonetheless represented during the campaign. While emphasizing the government's past record to gain voter support, Dunning stressed among its other achievements the provision of telephone service across the province through the largest publicly owned system in Canada.[48] But the premier did not stay long to savour his electoral victory. Just eight months later, on 22 February, he resigned from office to accept an appointment in the federal cabinet of W.L. Mackenzie King as Minister of Railways and Canals.[49] James G. Gardiner (1883–1962), formerly Minister of Highways, Labour and Industries, was chosen to succeed him.

Gardiner thus became Saskatchewan's third new premier in little more than five years. Described by one historian as "a Laurier Liberal, with a notable capacity for political organization," this schoolteacher-turned-politician "was a serious, conscientious worker," whose ability to marshal statistics was uncanny.[50] But he had little appeal among farmers, whose dissatisfaction with the government's policies was becoming acute. He made one significant addition to his cabinet, however, when he appointed William J. Patterson (1886–1976) as his new Minister of Telephones.[51] Born and educated in Saskatchewan, Patterson was the first native son to be elected to the Legislature, as MLA for Pipestone in 1921. An insurance and financial agent by profession, he also had fought for three-and-a-half years overseas as a soldier in the Canadian Cavalry Regiment. Patterson would later become the

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James G. ("Jimmy") Gardiner, Premier of Saskatchewan 1926–29, 1934–35

only politician in the province's history to hold both the premiership (1935–44) and the lieutenant-governorship (1951–58).

The 1925 election, it turned out, was to be the last consecutive Liberal victory. In the vote called for June 1929, the government campaigned strongly upon its record of achievement, with particular reference to the provincial telephone plant. "When it became necessary to establish better communications," explained Gardiner to an audience at Abernethy on 14 May,

> *and thus make more contented those who were living at long distance from one another on the prairies engaged in the production of grain, the government established the present Saskatchewan telephone system. This system has been built upon a combination of two principles. The long distance lines are organized under government ownership while the rural lines are built under a system of co-operative financing and management with the result that practically 70,000 rural homes in the province of Saskatchewan are being served by telephones. The entire capital investment in these rural lines amounts to 17 ½ million dollars of which only about 9 million remains unpaid. The farmers of this province through their co-operative companies own 207,000 wire miles of rural telephones in the province of Saskatchewan and through the government owned long distance system have connections with all parts of the province and even the outside world.*[52]

"A great deal was said [by the Opposition] about 'the Liberal Machine'," added J.W. Esty, the party's candidate for Saskatoon, but he "asked the electors to judge whether the government had acted with regard to the dictates of a machine or those of the people, citing in particular ... the telephone system."[53]

In response, Conservative candidate M.A. MacPherson criticized the government's mismanagement of the public debt and its poor operation of the provincial telephone network by skimming "the cream of the profits" from the long-distance plant, thus "leaving the farmers to bear the burden of the less lucrative rural telephone system."[54] This opened the opportunity to present the Opposition platform, which called for government ownership of the entire network. Liberal candidate N.B. Williams of Rosetown countered, however, that:

> *In 1905 we did not have any parliament buildings, university, mental hospitals, sanitariums and many other public buildings, highways, telephones, etc. The province has something to show for every dollar of public debt.*[55]

SAB, R-A629(1)

J.T.M. Anderson, Premier of Saskatchewan 1929–34

In fact, asserted Liberals J.W. Esty and C.W. McCool, Saskatchewan enjoyed better telephone service than anywhere else on the continent, and "at a cost within reach of all." Moreover, they declared, the public "owed the present means of easy communication by telephone to the foresight and initiative of the government" alone.[87] Even former premier William Martin was prevailed upon to speak on his party's behalf, noting that in 1906 there were a mere 2,000 telephones in the province. By 1928 that figure had grown to a total of 112,974.[88]

But this time, the Liberals' political rhetoric was to no avail, and the party suffered its first defeat. Although it captured more seats than either the Conservatives, Progressives or Independents, who together constituted the Opposition, it failed to take a majority. The Liberals remained in power, however, until two deferred elections were held in July and they had lost a vote of non-confidence in the Legislature the following September. Only then did Gardiner resign and Conservative leader Dr. James T.M. Anderson (1878–1946) form the new government.[89]

Thus ended the long, unbroken era of Liberal rule in Saskatchewan. A number of factors contributed to the defeat. Like many governments that hold power over extended periods, the Liberals had grown complacent and over-confident in office. Moreover, as they got increasingly in touch with the policies of their federal colleagues, they steadily lost touch with the needs of their own constituents. In the meantime, conditions also had changed, especially in the farming community. There, perennial anger over high tariffs and unfavourable freight rates charged by monopoly companies in eastern Canada had not just remained rife since the early decades of the century. By 1919 this seething resentment had evolved into a widespread "farmers' revolt" across the prairies, strengthened by political organization. That process culminated in 1926 with the amalgamation of the increasingly popular Farmers' Union of Canada (formed at Saskatoon in 1922) and the SGGA into the United Farmers' of Canada (Saskatchewan Section) as a forum for farming interests. This was, writes political scientist David Smith, the first step toward "a new and potent political force," the Farmer-Labour Party (later the CCF), "which would transform the province's political system."[90]

Other factors that led to the Liberal defeat in 1929 included: deep dissatisfaction with the party's organization (the so-called "Liberal machine") and its use of patronage in the provincial civil service; the sharp decline of purchasing power in the agricultural sector despite current levels of prosperity; the poor harvests experienced in some sections of Saskatchewan due to grasshopper infestations and rust; and renewed suspicions of government corruption. Various political issues of the 1920s similarly took their toll on Liberal electoral fortunes. But above all, argues Archer, "it was the accumulation of fears felt by one sector of the population that their way of life was being submerged by policies of the provincial and federal governments," seen to be working in collusion, that had alienated Saskatchewan voters.[60] The Liberals were brought down, in short, by agrarian unrest.[61]

THE ANDERSON TELEPHONE INQUIRY

Almost immediately, the new Conservative government launched a series of inquiries into provincial business and administration under the previous Liberal régime. Two of these probes focused specifically on the Department of Telephones. That it was targeted for this kind of scrutiny ought to have surprised no one, however, considering that throughout the 1920s, the Liberals had been questioned repeatedly in the Legislature about the department's activities, expenditures and accounts. The Opposition had asked, for example, about the construction costs and location of new buildings, the purchase price of the land on which they stood, the architects who designed them, the contractors who built them, and the suppliers who provided the basic materials and other fixtures. In particular cases, such as the Saskatoon exchange completed in 1927, the Opposition had requested all pay sheets, as well as the names, hours of labour and remuneration of everyone who had worked on it.[62]

Information about existing properties was solicited, too. How many telephone buildings did the department own, and where were they located? What was the rental charge for buildings leased, not owned, by the department? Had recent inspections been made of older exchanges to ensure safety standards, or to check for physical deterioration of the plant? As to its daily business transactions, the department was asked for the names of firms on government contract, the amount of public money paid for services rendered, and whether any government employees had relations with these companies that could be construed as conflict of interest. The Opposition had wanted an accounting, as well, of all exchanges where agents were retained on a commission basis, the total commissions they were paid, and the savings made—if any—at offices where the agent was a local rural telephone company instead of a private entrepreneur.[63]

Also questioned in the 1920s were the department's dealings with the railways. How much free long-distance service was accorded to the CPR and CNR, the Opposition had asked, and how did the department benefit in terms of lower shipping costs and free rail passes for its personnel? What was the number of passes issued yearly, who distributed them, and were they returned to the department when the holder retired or left government service? With regard to general finances, the Opposition had inquired specifically whether an adequate depreciation reserve had been established, and if so, what depreciation was allowed annually in connection with buildings, stock, lines, equipment and supplies. Did the department maintain a sinking fund, and how much had been repaid of its bonded indebtedness?[64] The answers to many of these enquiries could be found, of course, in the department's *Annual Reports*. But that was not the point. What the Opposition had really hoped to discover were irregularities in the department's public accounts that pointed to malfeasance, incompetence or both.

One issue of perennial interest throughout the decade in this regard was the expense of rural construction, which the Opposition still contended ought to be borne by the province, according to the Alberta and Manitoba models. In 1923, debate had resumed once again on this matter in the Legislature when Progressive MLA Sydney Bingham (Wilkie) advocated that all Saskatchewan telephones be centralized on the argument that the provincial plant, as presently conceived, "was too costly to build and too costly to operate." His views were based on personal experience, having organized and built a rural system near Wilkie, SK. He had further complained about the high cost of long-distance rates in Saskatchewan, which (he claimed) were as steep as those charged in Alberta.[65]

In 1929, on the eve of the provincial election, Conservative candidate John Gryde similarly revisited the issue of rural telephones when he compared tax levels between Saskatchewan and Alberta. Rates *per capita* might generally be lower in this province, he admitted, until one added the $45 per year that the average farmer paid for his telephone. This increased Saskatchewan taxes above those collected in Alberta. Gryde also criticized the unequal distribution of financial benefits generated by the provincial plant. "It is well known," he asserted,

> *that the long distance and city centrals are the paying part of the telephone system, while rural lines are the non-paying part. The government of Saskatchewan takes the paying part to itself and leaves the non-paying part to the farmers. They have the cream of the business while the farmer gets the skim milk, and [the Liberals] ask you to like it!*[66]

Speaking on each occasion for the government, W.J. Patterson refuted these allegations one by one, observing, for example, that long-distance rates in Alberta and Manitoba were "both are very much higher than here." By way of illustration, he noted that a three-minute message from Regina to Winnipeg in 1923 had cost just $1.30; by contrast, a call of equal duration that originated in Manitoba had cost $2.65. Patterson emphasized yet another extraordinary feature of Saskatchewan telephone rates at the same time, namely "that throughout the history of the telephone system in [the province], there has been no change in rate schedules since 1908."[67] Despite increasing costs of construction, maintenance and operation, he continued, long-distance charges remained "on the same basis today as they were when the Department was first started." The only difference was that the minimum charge for a long-distance call was raised from 10¢ to 15¢.[68] Consequently, the many warnings issued during the war years and the operators' strike that an increase in fees was "inevitable" to meet rising costs, had been idle.

Patterson further pointed out that all Saskatchewan toll rates were calculated for "person-to-person" service, with a maximum charge for two minutes. In Manitoba, Alberta and even Ontario, by contrast, the minimum charge was for a three-minute conversation on a "station-to-station" basis, with an extra charge for "person-to-person." "The records of telephone construction conclusively prove," he continued, "that the practice we have followed in this Province has made the telephone more popular and brought it into more common use ... than in any Province in Canada." To be sure, there were different methods of charging for long-distance and toll service. But "on those systems where they give special rates at certain hours, they have concentrated the loss in revenue by increasing the rates for day service, which is most used, and so far as rates in ... Saskatchewan are concerned, they will bear favourable comparison with any other system on the Continent."[69] To support his contention that Saskatchewan rates were unusually low, Patterson submitted both the exchange and long-distance schedule for services in Manitoba and Alberta (as well as Ontario) for comparative purposes.[70] Yet the difference in rates was not the only discrepancy among the plants of the three prairie provinces. The future minister also indicated that Manitoba and Alberta were "the only two instances of Government-owned [rural] telephones on this continent," and that neither experiment had succeeded as well as Saskatchewan's unique mixture of publicly owned trunk lines and locally owned farmers' systems. Again using Alberta as his prime example, Patterson observed that if one compared its amount of capital investment as of 1922 in relation to numbers of subscribers with the same ratio in Saskatchewan, proportionately speaking Edmonton had spent far more on urban and rural telephone development with far fewer results than had Regina. "Or to put it another way," he explained, "with a total investment in Saskatchewan by the Government and rural systems combined, of $26,000,000 we have over 90,000 telephones, while Alberta with an investment of $21,000,000 has less [*sic*] than 49,000 telephones."[71] Consequently, Alberta's rural telephone plant had cost very considerably more than had Saskatchewan's, but it served only a third the number of subscribers.

Besides, there were also the matters of interest on capital, depreciation, maintenance and general operating expenses to consider. When combined, these charges dramatically increased the average cost of rural telephone service in Alberta from $24 to $50.32 per year, which was much higher than in Saskatchewan. That service was subsidized with tax money, meaning that Alberta's general public contributed an additional $26 for each rural subscriber in the province to make up the shortfall. Ultimately, Patterson argued, there were two great advantages of Saskatchewan's rural telephone system:

> *First, it creates a local interest in what is very largely a local service, and this interest is necessary and essential for the proper conduct and handling of that service. It is true there are difficulties but sound business management is more valuable in the elimination of these than technical knowledge, and every company has among its members men fully capable of successfully managing its affairs. Second, our system has allowed of a much greater extension of rural service than would otherwise have been possible, and the long-distance, urban and rural systems have all been departmentally constructed and operated. We have one rural telephone for every nine of our rural population and in the matter of rural telephone development we stand second to no other country in the world.*[72]

Although the Liberal Government had ready answers for every question it asked in the debates of the 1920s, the Opposition had sensed nevertheless that something was seriously amiss with the department's accounts. As historian G.E. Britnell observed, down to 1930 its balance sheet had revealed little as to the financial status of the public utility. "Year after year with monotonous regularity and perfection the Assets exactly balanced the Liabilities, never showing either a Surplus or a Deficit."[73] In the budget debate of 1927, for example, Premier Gardiner had declared that the provincial telephone system accounted for $10,307,720 of the public debt and had "paid all running costs and interest upon the money invested from the beginning. It is a self-sustaining loan."[74] Questions asked by the Opposition and answered by Minister of Telephones W.J. Patterson also showed that there had been no alteration in the system of creating reserves beyond transferring surplus funds to reserves.[75] "The same completely unscientific and haphazard basis for the provision of a depreciation fund obtained two years later in 1929."[76] This may explain Gardiner's defensive tone when pressed still harder by the Opposition on the government's budget figures toward the end of the decade. Public Buildings, Highways, Telephones, Farm Loans, Cooperative Creameries and loan transfers to the Pool Elevators, he had noted, accounted for $55,400,000 of the total provincial debt of $57,114,368. "Which one of these services would our critics have left unprovided?" he had asked.[77]

The essential problem was that despite early efforts between 1908 and 1913 to place the Telephone Department's accounts on a solid business foundation, by 1922 they were completely "at sea."[78] At that time, A.E. Chant, the government's chief accountant, summarized the poor state of affairs in a lengthy memorandum. Not only were the books incomplete and entries months behind, he wrote, but there were also no correct records of available lines and stations, let alone their addresses; no accurate statements of construction costs for new exchange and toll offices; no up-to-date reports on more than 4,000 delinquent accounts, some of them several years old; and no reliable comparison of capital to revenue expenditures. Even the few estimates of monthly expenditures that existed were six months old and replete with cost overruns. As if this were not bad enough, in the absence of regular head-office statements with regard to its cash balances at major banks, the department was unaware that some of its deposits were over-drawn. This did not include another 200 bank accounts belonging to the department that had accumulated large amounts of interest over long periods, of which it was also ignorant.[79]

District accounts were in still worse condition. Ledgers were unreliable and balance sheets outdated, while advance accounts to the various supervisors had been neither balanced nor reconciled with figures at the Regina office. This had resulted in major discrepancies.[80] Adding to the confusion was the fact that the department exercised little or no control at this level, for district accountants reported not to the Head Office at Regina, but directly to their superintendent. He reported in turn to the Chief Engineer. In fact, complained departmental accountant W.H. Churchill in 1923, "On many occasions I have been advised that I have nothing whatever to do with the districts, and can get no action except through the Chief Engineer's office." The result was continuous delays in accounting practices at the district level, where any reform of the prevailing system was impossible without the prior consent of the Chief Engineer.[81]

To improve efficiency and restore discipline, in 1924 W.J. Campbell, the provincial Accounting Inspector, had recommended greater centralization of district and departmental procedures, stricter regulation of personnel, and reallocation of office duties at all levels. His goal was to bring the whole accounting system as nearly under the control of the Chief Accountant as possible.[82] But A.E. Chant had rejected the plan as potentially too disruptive of existing structures and too expensive to implement. Above all, he had warned, the Head Office at Regina was too distant from many of the local exchanges for the recommended reforms to be practicable. For "the nearer you have your records to your subscribers, the better satisfaction you can give, and the more effective the administration."[83]

None of this administrative chaos became public knowledge, however, until the Anderson government took office on 9 September 1929. Just five days after, James F. Bryant, the newly appointed Minister of Telephones in the Conservative cabinet, received a revealing memorandum from A. Perring Taylor. "In 1913," wrote the Deputy Provincial Treasurer,

> *there were no proper records kept by the Telephone Department of their capital expenditures; in fact the department did not know how it stood, and I had to prepare for the then deputy [minister], Mr. D.C. McNab, a Revenue Account, Capital Expenditure Account and Balance Sheet. The information contained in these financial statements was taken from the Public Accounts for the several years preceding that date.*[84]

Taylor's implication was that departmental accounting methods had improved little in the meantime.

Consequently, one of Bryant's first official acts as telephone minister was to retain the Regina firm of O.J. Godfrey & Company, chartered accountants, to audit the department's books and business transactions. For a number of years, explained Bryant,

> *there has been growing dissatisfaction with telephone conditions in this province, particularly with rural lines. There have been rumours of graft, excessive prices, of waste, incompetence and of mal-administration. We desired as a Government, therefore, to have a Government Audit, an independent audit, and we retained the services of O.J. Godfrey and Company, a firm of long standing in this province, a firm that had a very wide experience, … [and] high repute all over the country.*[85]

Instructed to perform a cost accounting of the department's capital account and to inspect its loan account, to investigate the rural telephone branch, and to examine the relationship between the department and Saskatchewan in general, the firm presented its report on 21 December 1929. Not only did the Liberals have difficulty acquiring a copy, but they were surprised to learn that a second review of telephone operations, dated 5 February 1930, was undertaken at the same time by the Calgary firm of G.B. Munnoch & Company, the Anderson government's special "investigator and efficiency expert."[86]

In fact, despite repeated questions from the Opposition and a motion of W.J. Patterson in the Legislature on 21 February that had called for a Return showing "copies of all Reports respecting the Department of Telephones received from O.J. Godfrey and George Munnoch & Company,"[87] the Liberals

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James F. Bryant, Minister 1929–1934

obtained both documents just two days before Bryant's budget speech. "Some members of the House may wonder why, when an accountant of the standing of Mr. Godfrey had presented a report to the Minister," Patterson observed, "it was necessary to engage an 'efficiency expert' to prepare a second report."[88] Because much of the evidence unearthed by the initial inquiry fell beyond the scope of an ordinary auditor's review, retorted Bryant, and owing also to new information collected from employees, rural companies and "others" as to prevailing conditions in the Department of Telephones,

> *we resolved to conduct a general inquiry and to make a thorough investigation. To do so we retained the services of G.B. Munnoch & Company of Calgary and Winnipeg. Mr. Munnoch is a man of large experience in connection with accounting and investigative work. … I can safely say that he is a most efficient and a most capable, competent and thorough investigator.*[89]

It was obvious to Liberal spokesman W.J. Patterson that Bryant preferred the Munnoch report, and he drew specific attention to that fact. In hiring O.J. Godfrey, the Conservative government had hoped to obtain a highly critical appraisal of the previous régime's telephone operations. But when Godfrey failed to provide the political ammunition they wanted, the Conservatives fell back on "the more sympathetic Munnoch."[90] That, at least, was the conclusion of Patterson: "Mr. Godfrey makes so many favourable comments in his report … that the Minister was not satisfied to accept it." "I think, perhaps, this Legislature will appreciate and understand why," he continued, "the Minister thought it necessary to have this second report prepared."[91] It was little more than "condemnations from beginning to end," Patterson stated, and "the most amazing combination of untruths (and I say that deliberately), contradictions, faulty arguments and improper and unwarranted assumptions I have ever read."[92] Yet Bryant made no attempt to conceal his government's purpose. To his credit, he prefaced his budget speech by stating explicitly that the Munnoch report "is frankly a political report," intended to reveal "something of the political activities of the Liberal party" during its 25 years in office.[93] The review's scope was thus intended to be much wider than a narrow audit of accounts.

Whatever the case, the Liberals found the Godfrey audit quite acceptable. "He has prepared this report with a serious consideration of what the duties of an auditor are," acknowledged Patterson. Although the former minister did not agree with all of his findings, Godfrey had "left his political feelings to one side and made an honest audit of the Telephone Department with results perhaps contrary to the desires of his employers, ... [and] I give him credit for being fair." Best of all was Godfrey's general pronouncement that the system of accounts used in the department's Head Office "is so designed as to effectively check and control all the accounting of the complete organization, and achieves its end."[94] Moreover, continued Patterson, "neither in the report of Mr. Godfrey nor in that of Mr. Munnoch is there one word of criticism of the service; of the equipment; of the efficiency of the plant; or of the attitude of the employees toward the public. ... No suggestion is made of favouritism to any party, any class, any race, or any creed, either by the auditors or by the political investigators" with regard to the provision of service.[95] All things considered, concluded the former minister with a palpable sigh of relief, the general results of both audits "need not give any member of the Telephone Department or anybody in ... Saskatchewan any cause to worry as to the management of the telephone business of the province."[96]

This did not mean, however, the accounts were problem free. On the contrary, the Godfrey report found much to criticize in the department's fiscal administration. To begin with, the accounting system under which it had laboured until 1930 had concealed the inadequacy of the telephone rates. That was correct, admitted Patterson, who noted that the fee schedule had not changed since 1908. "In the meantime, the wages have increased, the cost of material has increased, the cost of doing business and practically everything connected with the system has increased, but there has been no corresponding increase of rates to telephone subscribers, although increases have been made both in Manitoba and Alberta." The former minister allowed, however, that this was the only real fault of the accounting system.[97] Godfrey disagreed and recommended everything from a complete revaluation of the provincial plant to a reduction in the number of the department's automobiles.

However, the reports' heaviest criticisms were reserved for the current treatment of depreciation, capital expenditures and rural telephones. The issue of depreciation had been a major focus of debate the previous year (1929), when Conservative MLA M.A. MacPherson had noted that the department kept a reserve of only $2,760,538. When one remembered that there was actually a business here of $12 million to $13 million as given in the budget, he continued, the depreciation allowed for the provincial plant was only 1 percent of assets. This was not enough. "In rural telephones, on the other hand, which are not owned by the Government but which are under the supervision and control of the Government, you will find depreciation of seven percent allowed for." MacPherson had then urged that proper provision should be made as to an appropriate rate of depreciation based upon the true value of department assets.[98]

Godfrey picked up this refrain. By failing to make adequate provision for depreciation, he noted, the department had accumulated a deficit amounting to $918,049.42. The source of the problem was that after meeting current obligations from revenue, the remaining income was entered into an omnibus account, styled "Interest, Sinking Fund and Reserves."[99] The amount thus saved was not a systematically determined ratio of total assets, nor was it easily accessible for renewals and replacements within the plant. As Dufferin Spafford points out, even though a commercial system of accounts was prescribed for the department in 1919, "the enterprise continued to treat depreciation as a residual charge,"[100] according to which all surplus earnings were simply transferred to reserves. That shattered the "illusion of service at cost" upon which the Liberals' telephone policy had been based since 1908.

Bryant pounced on this information, scolding that if "the proper reserve had been set up and maintained, as is done in all telephone and public utility practice the world over, the books of the Department would show an accurate statement of the financial position instead of the false and misleading balance sheet shown in the Public Accounts." Furthermore, despite having an absolute monopoly "with the power to fix ... rates in a wealthy province like Saskatchewan," the department had so mismanaged its finances that "there has been a very heavy loss which will have to be made up in succeeding years."[101] The telephone minister laid the blame for the prevailing situation at the feet of former premier Charles Dunning—"that Napoleon of Finance"—whom he dismissed as "a common financial muddler, as even a school boy at a country fair could tell under which nut he hides the little ball!"[102] Patterson's only response was a meek statement that depreciation "is a matter upon which experts disagree," followed by a word of praise for "the high state of efficiency in which the system is maintained" through steady renewal and reconstruction.[103]

With respect to capital expenditures, Godfrey's second major target, these were financed by advances from the Saskatchewan Treasury. Until 1923, when the Dunning government instituted a policy of capital replacement, these advances were treated as a permanent liability to the province. By 1929 the department had repaid about $2.9 million of this money.[104] How different were procedures in Manitoba and Alberta, observed the auditor, where "the capital advanced for Telephones is looked upon as a permanent investment of the Province, not subject to replacement." The only requirement imposed upon the directors of either plant was to maintain sufficient cash reserves as would "enable the system to be kept up to 100% of its original value and up to date at all times." Godfrey further pointed out that

> *this is exactly what occurs in a privately owned utility – the shareholders of which may be compared to the citizens of the Province. Shareholders only look for a return on their investment, without any repayment of Capital. The present system [in Saskatchewan] would, if carried to completion, result in Telephone users buying their own systems and handing the same over to all the citizens of the Province as a free gift.*[105]

Pouncing once again, Bryant accused the telephone department of fraudulent bookkeeping under the Liberal régime. Definite losses were recorded as assets, he charged, and alleged overexpenditures were declared when, in fact, "the money was in the bank and was not spent at all." Either the Liberals wanted to conceal the profit so as to spend it on other programs, or they somehow did not know what their profits were and wanted to conceal their ignorance from the public. Either way, concluded the Conservative minister, the department's financial reports as published in the Public Accounts were "incorrect and misleading."[106] Rising to his party's defence, W.J. Patterson acknowledged that any government agency makes mistakes in its accounts. He then pleaded extenuating circumstances. The telephone department, he explained, was controlled largely by engineers who "are chiefly concerned with construction and operation, ... [and] inclined to under-estimate the importance of the Accounting Branch." There was the additional problem of persuading the staff of the Treasury Department to agree on accounting procedures. But the greatest challenge, claimed Patterson, was "to operate a commercial concern under legislative restrictions and government regulations." Every enterprise, he stressed, has similar accounting problems. But as one of the largest businesses in Saskatchewan, the department should not be judged by isolated incidents. Certainly, it was neither fair nor just, he admonished, to fault the whole system or to declare something wrong with it as a business concern simply "because of minor errors or mistakes."[107]

But the same errors and mistakes also afflicted the rural companies. Their accounts were described by Godfrey as being generally poor. Some companies, he discovered, had made no return to the department for several years; 374 secretary-treasurers had not been bonded as required by law[108]; and nearly 4,000 quarter sections of farm land gazetted for payment of telephone taxes were exempted, while a further 1,971 quarter sections not gazetted were taxed illegally.[109] A random evaluation of financial statements received from rural companies had also revealed countless mistakes in simple arithmetic, no doubt owing to the fact that many firms had failed to follow accounting procedures as prescribed by the department.[110] As a result, Godfrey found numerous examples of mismanagement and missing funds. In one group of companies operated by the same man, for example, there was a cash shortage of $10,000; worse still, few farmers' firms had ever undergone a financial audit that might have set straight many of these problems. There was even one case where the department itself had used public funds improperly to repair storm damage to a local system's lines.[111] In addition to these shortcomings were widespread complaints that very little repair or renewal work had been undertaken. As a result, "many of the rural systems are in exceedingly bad shape both physically and financially." "When the debentures are all paid," interposed James Bryant, "they will have to issue new debentures and start it all over again."[112] Obviously, the Liberal government's special levy program of 1928 had not had time enough to produce results.

In any case, all of this material had led Godfrey to question whether the rural branch of the department, which was responsible for inspecting and supervising the affairs of the companies, was operating as it should, and he recommended "careful consideration as to whether it is necessary." The report added that "in several instances considerable dissatisfaction exists as to the operations of Rural Telephones under existing legislation," though it gave no details.[113]

Still more critical of rural affairs was the Munnoch audit, which frankly accused the department of shirking its responsibilities, especially in the matter of construction contracts. These were left to inexperienced farmers, who had been "fleeced," declared Bryant in the Legislature, as "the Liberal Government of the province stood idly by."[114] Instead of protecting rural companies by making a fair estimate of building costs based in each case on the plans and specifications submitted, or by ensuring that the work was completed at a fair price, the department had failed to act. The result was exorbitant rates for tenders awarded to unscrupulous contractors by naive farmers. In fact, claimed Bryant on the strength of the report, "the pickings were so good and the directors were so easy, that many of the contractors would not try for government work as there was so much money to be made on rural jobs," and many had accumulated "fabulous profits."[115] But by this time, farmers had become aware that they had been overcharged "both in terms of construction costs and yearly rates for service." Hence, reported Munnoch, "in the last few months there is a decided increase in the number of requests being received that the Government System absorb the Rural Telephone Companies,"[116] exactly as the Conservatives had advocated all along. He cited a letter circulated by one firm that solicited the support of others for the absorption of the rural systems into the government plant and that described the existing arrangement as "expensive ... inefficient and troublesome."[117] He recommended, in short, that the rural branch of the department be abolished.

W.J. Patterson refuted the findings of both reports on the rural telephone situation by giving a brief, yet effective history of its development in the province. "If the whole object was to give telephone service to farmers and residents in rural areas," he began, "we can unhesitatingly say that the Saskatchewan system is by far the best, for, after 22 years, Manitoba has 16,000 rural telephones including private lines, Alberta has 22,000 rural telephones and Saskatchewan has 70,000." Outside the three prairie provinces, he added, there was no place on the continent where large commercial telephone companies provided rural service, because of the high costs of construction and operation. The field had been left, instead, to small companies. "The rural telephone is more a community affair than a business concern," and it could be operated much more economically on the local level.

Saskatchewan's policy under the Liberals was thus to "assist" rural telephone development, not take it over. The department had supervised every aspect of the process, from approving plans and specifications, to ensuring competitive bids for tenders, to compelling contractors to repair poor construction and unsatisfactory workmanship. The department also had introduced some innovations, such as the Telephone School (which Munnoch criticized as ineffective), to reduce maintenance costs on rural lines by training farmers as "trouble men" for their local companies. "Some of them graduated," offered Patterson, "into a wider field of electrical work and some are now in the employ of the department as linemen." To be sure, he admitted, mistakes had been made, and some companies had overpaid for their plant. "But I submit that the great majority of the directors of the rural companies use their best business judgment in making decisions in connection with the company's work."[118] In closing his remarks, the former minister quoted from a recent article published in both the trade magazine *Telephony* and the *Financial Post*, which praised the province's record: "The rural telephone systems in Saskatchewan are a wonderful achievement—an achievement which has fully justified the policy of the Government in placing the costs of giving service up to those persons who receive the benefits of that service."[119]

The most rancorous part of the budget debate was reserved, however, for the largely unsubstantiated allegations by Munnoch's report of widespread corruption in both the provincial and the rural plants under Liberal rule. The litany of wrongs included everything from clear conflict of interest to abuse of department equipment and misuse of department funds in connection with Charles Dunning's election to the House of Commons in 1926. Among other misdemeanors were claims of "gross extravagance" in employee expense accounts; preferential treatment for telephone supply firms in which members of the government—including former cabinet ministers—purportedly held shares[120]; and direct discrimination against Canadian suppliers in favour of large American firms or the Northern Electric Company (a Bell affiliate), regardless of cost and "no questions asked."[121] Telephone officials were alleged even to have borrowed department automobiles, fueled by gasoline purchased with taxpayers' money, for personal holidays and fishing trips.[122] In the rural field, the department was accused not only of awarding lucrative tenders to favoured contractors, especially former employees of the Saskatchewan government or Bell Canada, but also of altering plans and specifications to suit the builders' needs irrespective of the added expense for farmers. All the while, the Liberal cabinet had turned a blind eye to the collusion. Owing to the corruption at every level, declared Bryant, "the way in which the Telephone Department has functioned under the Liberal régime has cost the people of this province well over $6,000,000 more than it should have cost."[123]

Yet few of these charges were supported with any real evidence. As Bryant admitted, many matters could not be pursued because they were too old or too expensive to follow up, or most of the principals involved were dead or living abroad. But the major difficulty, he asserted, was the number of missing documents, as "the files clearly had been stripped in many instances and documents of ten years' standing [eliminated], most of them by Order in Council."[124] (This referred to the Act, Chapter 17, of the Statutes of 1920, "regarding the preservation of public documents, to the effect that vouchers, cheques, accounting records and all other documents may be destroyed after ten years.")[125] Even more damaging was a direct accusation that the outgoing Liberal government had destroyed evidence deliberately to prevent it from falling into Conservative hands.[126] Consequently, the allegations contained in the Munnoch report produced "much heat but little light."[127] Most were based upon scanty documentation, interviews with former and current employees, and circumstantial evidence, much of it inconclusive, owing to missing records and the dilapidated condition of department files.

The Liberals saw things differently, of course. Patterson dismissed the charges as little more than "gossip", "inuendo" and "misinformation" given to Munnoch "by discharged employees, unsuccessful contractors and a few of the present employees, who hoped by giving information to get into the good graces of the present Minister." To be sure, he admitted, the Liberal government had taken advantage of the Order in Council from time to time to houseclean the department's records; "otherwise, their vaults would have been crammed to the limit with vouchers and files of little or no use."[128] But he flatly denied any wrongdoing or malfeasance. He asserted, besides, that the current criticism could not alter the fact "that the records of the Department show that it can be claimed to have been a signal success from its inception to the present time; and it would not have been the success it is if graft or corruption had been rampant in the Department as suggested."[129] Then to halt further debate, Patterson moved that a Royal Commission be appointed by the Lieutenant-Governor to inquire into all matters pertaining to the Godfrey and Munnoch reports. The resolution passed, though only after "Royal Commission" had been amended to "Select Standing Committee on Railways, Telephones and Telegraphs."[130] This effectively placed any further investigation under Conservative control.

As political scientists Norman Ward and David Smith point out, the real source of the problems identified by the two reviews was that government administration in Saskatchewan under the Liberals was "old fashioned." Former premier James Gardiner, in particular, had inherited from his predecessors the responsibility for developing roads, bridges, schools, telephones and a host of other public works "at an almost explosive rate." Because service, not accounting, concerned him, Gardiner had given little priority "to what he would have considered mere bookkeeping."[131] What mattered to the Conservatives, on the other hand, was the political significance of the telephone audits, not their technical details. In other words, what Bradshaw's charges had failed to achieve in 1916, Bryant's charges were intended to accomplish in 1930, now that their party was in power. Hence, the minister fashioned the Godfrey and Munnoch reports into a scathing indictment of the Liberals' telephone policy, especially in the rural field, where it hurt most. "The entire history of the Rural Telephone Companies has been nothing but a comedy of errors," he exclaimed:

> *Instead of the system being built on a utility basis, in the interests of all the people of Saskatchewan, every turn and every move was controlled by political expediency and was evidenced by a lack of foresight rather than by sound business judgment. Instead of the province gaining a utility and a valuable asset as a result of the alleged supervision of the construction, the moral backing of debentures and the raising by taxation of the sums necessary to pay the principal and interest on said debentures, … the province has no asset and the taxpayers are still required to pay an enormous debt. The Government deliberately evaded all responsibility except the supervision of the debentures and a supervision of the construction of the lines. Yet it gave to companies incorporated under the Rural Telephone Companies Act the authority to issue debentures secured by a lien on lands, and, indirectly, the power of taxation.*[132]

Ultimately, through depreciation, obsolescence and mismanagement under Liberal supervision, the rural plant that had cost farmers over $25.5 million to build was hardly worth "more than eight to ten million dollars today."[133]

W.J. Patterson replied just as forcefully in his party's defence, not by responding to what was included in Bryant's budget speech, but to what was left out. "We did not hear a word from the Minister about the future," Patterson scolded:

> *He did not tell us if he was going to raise or lower the rates; he did not tell us what development was planned, where he was proposing to build or extend. He did not tell us whether any of the smaller cities …were going to be equipped with automatic systems, and he did not tell us what progress had been made in getting automatic equipment suitable for small*

> *exchanges… . He did not tell us what improvements in service we might expect under his régime… . We listened for an hour and a half to condemnation and criticism, but heard never a word of future plans – not a word!*[134]

"It is frequently said of the Province of Saskatchewan that it is a great 'next year' country," concluded Patterson with a Parthian shot aimed at the Anderson government. "I think we may take credit for being a people who look forward and who are more interested in the future than in the past."[135]

SASKATCHEWAN TELEPHONES AND THE GREAT DEPRESSION

Despite the two audits and the acrimonious debate that followed, little appears to have changed in the department's accounting procedures under the Conservatives up to their own defeat at the polls in 1934, beyond an early effort to upgrade administrative accountability at all levels of the provincial and rural systems.[136] Historian George Britnell summarized the situation, stating that it was virtually impossible to develop any real sense of Saskatchewan's public telephone plant as an operating utility at this time, since the ledgers were still in hopeless disarray and lacked even the elementary principles of commercial accounting. Furthermore, no explanation for the prevailing state of affairs could be extracted from the authorities in Regina. On the contrary, his repeated requests for enlightenment on the financial working of the provincial system met "with an invariable and dogged refusal." The few changes in fiscal procedures that had been made in the meantime were utterly baffling. Thus, not only did the absence of any definite information render it difficult to determine the position of the government telephone plant in the province, but, concluded Britnell, "neither the way in which the accounts are kept nor the attitude of the telephone officials is reassuring."[137] It was as if a state of inertia had descended in 1930–34 to prevent any forward movement, let alone reform.

Nevertheless, telephone organization in Saskatchewan had worked out well, with much to recommend it, though there were certain disadvantages, too. For one thing, continued Britnell, the provincial telephone debt only appeared to be small. This was partly because the reserve system used for depreciation involved the repayment of the capital advances from the Treasury, and partly also because "the great rural network is owned by the rural companies." This feature alone had saved the Saskatchewan plant from serious difficulty owing to the absence of a "scientific and satisfactory basis for the provision of a depreciation fund" and the significant fact that telephone rates had remained the same since 1908, "despite great changes in the value of money during the past twenty-six years."[138] In the rural field, meanwhile, the actual cost of telephone service to the subscriber was concealed in a system "whereby the annual rate is levied for operation and maintenance only while a land tax is used for the repayment of debentures." There was no doubt in Britnell's mind that construction costs for farmers' telephones had been unduly high in some cases, or that the use of borrowed capital (i.e., debentures) had allowed rural systems to be built before their district was able to carry the charges. The same system had also made overextension too easy.[139] He acknowledged, nevertheless, that the provision of telephone facilities in Saskatchewan would not have achieved the dimension it had unless the "rigidities in government finance" had been eased "by throwing the burden on the debenture-holder." It seemed unlikely, indeed, "whether an economy based on one staple and subject to all the hazards and vicissitudes of wheat production could have provided a rural telephone system on any other basis."[140]

Yet there was an obvious explanation for the Anderson government's apparent paralysis after 1930, and specifically its failure to move quickly on fiscal reform in the Department of Telephones after the budget debate in the spring. Hardly had the political tempest unleashed by the Conservatives begun to blow following their assumption of office in September 1929, than just over a month later a financial storm burst over the industrialized world. On 24 October the stock marked crashed on Wall St., "heralding the economic chaos that was to beset the province for a decade,"[141] as Canada and the rest of the globe descended into a depression of unparalleled severity. The sudden, unexpected collapse of the provincial economy, coupled with prolonged drought in the southern areas of Saskatchewan, crippled the Anderson administration, which now faced "fundamental economic dislocations."[142]

Although the Great Depression struck the three prairie provinces harder than anywhere else in the country, it was especially traumatic for Saskatchewan. Here the social effects were devastating. The people suffered the sharpest decline in income, recalled homesteader George Shepherd,

> *and the severest curtailment of accepted standards of material living within any area of the civilized world. It was not the fact of one crop failure, or of one dry year, or of abnormally low prices for produce that constituted the shock. It was the wholly unforeseen, unexpected magnitude of failure and ruin.*[143]

Because the entire fabric of prosperity in Saskatchewan from 1905 to 1929 was based on wheat, it was exceptionally vulnerable. As early as 1913, there had been indications that reliance on the production of a single staple was not a secure economic foundation. This was confirmed throughout the 1920s, when wheat fluctuated dramatically in price, until the market collapsed altogether in 1930.[144]

Having ignored the many warning signs since 1913, Saskatchewan and its people now reaped a bitter harvest as they entered the 1930s, "a period of real hardship—a time to try men's souls."[145] The collapse of the world wheat market "shook the whole community, reduced its total income, and abruptly terminated that remarkable progress which had begun in the West a generation earlier."[146] Burdened by debts contracted in prosperous times, more than 200,000 farmers driven into destitution by depression and drought abandoned their land. Within just three years the province's per capita income dropped by 72 percent—far lower than the national average of 50 percent. As the structure of local government was similarly undermined by debt, whole municipalities went into receivership. Accompanying the plunge in farm prices "were other disasters not directly related to the Depression."[147] Searing drought, rust, erosion, insect infestation, scorching temperatures and high winds all conspired to ruin crops year after year. "Wheat fields that had once been fertile and productive took on the appearance of a desert as the earth was pulverized into dust and blown into rolling dunes."[148]

With privation spreading rapidly, it fell to a cash-poor provincial government to provide relief in the form of food, clothing, shelter and relaxation from the crushing demands of debt.[149] In 1937, the Depression reached its lowest ebb with the most complete crop failure ever experienced in Saskatchewan, as the drought extended deep into areas hitherto untouched. By 1937, as well, fully two-thirds of the farm population had been forced onto public assistance. There also began an exodus of people not just from the land, but from the province to other parts of Canada in search of a better life. Between 1936 and 1951, when the population began to grow again, Saskatchewan lost 99,819 residents.[150] To be sure, conditions improved a little in 1939, when the province recorded its largest harvest in a decade. But as historian J.W. Brennan observes, it took another world war to restore real prosperity to Saskatchewan agriculture.[151]

The Department of Telephones and the provincial plant were certainly not immune from the economic crisis. Since the beginning of 1930, both the government-owned long-distance network and the rural systems faced increasing difficulties. Even before the summer months, when the "results of the world-wide depression in business coupled with unfavourable agricultural conditions and prices were felt acutely in Saskatchewan,"[152] Provincial Treasurer Howard McConnell had announced in the Legislature on 10 February that there would be a "marked reduction" in capital expenditures. This included telephone development and replacement. In general, all of the systems in the province—public, municipal and rural—suffered severely during the decade. They "withered along with the withering grain," in R. Collins' descriptive language.[153] Between 1929 and 1932 alone, the department lost 28,000 customers. This figure increased steadily in subsequent years until, over the entire period, the number of subscribers had dropped by almost 30 percent. The number of toll and long-distance calls plunged still further to 50 percent, reducing the department's revenues sharply. At the end of the 1930s, the number of subscribers was still 20 percent lower than at the close of the 1920s.[154] Even so, telephone use had remained "abnormally high," at least during the first few years of the Depression and despite the rapid decline in personal income. For "once people had their phones, they were reluctant to face the necessity of giving them up."[155]

When the department's *Annual Report* for 1929-30 was submitted, it had appeared initially as if no crisis was brewing. Although Telephone Minister James Bryant noted that the general decline in business across the province had caused a corresponding decline in long-distance revenues, he also recorded an increase in telephones connected to government exchanges, toll-line expansion into fresh territory facilitated by the erection of numerous pole-miles of brand-new circuits, and extension of long-distance service to 22 villages and hamlets without connection hitherto. He reported, in addition, that the deficit left by the Liberals had been reduced by $295,684.67, a significant decrease. There was improvement in the rural field, as well, although this consisted chiefly of extensions to existing systems and the amalgamation of farmers' companies. The best news of all was that 44 of the firms incorporated under the revised Act of 1913 had "entirely retired their indebtedness."[156]

By 1931, however, conditions had begun to change for the worse. To be sure, the department was able to report modest forward movement, especially on the government's trunk lines. This included not only extensive renewal and reconstruction of existing circuits, but also long-distance connections to six more villages and hamlets. In addition, the change to direct-dialing over the provincial network had "improved service to a marked degree." Eleven more rural systems had repaid the last of their debenture debt, as well, raising the combined number to 55. Nevertheless, only $119,505 in debentures had been issued by farmers' companies, a puny amount compared with previous years, while the department recorded its first dramatic decrease in long-distance revenue of more than $150,000.[157]

As the Depression deepened during the next three years and Saskatchewan's economy spiraled steadily downward, the department suffered increasingly heavy losses. Just how heavy is difficult to determine with precision, however, for the published accounts continued to be "unintelligible both to the layman and to the accountant."[158] In any case, between 1930 and 1934—the worst years of the economic crisis—the number of exchange stations declined sharply from 41,959 to 32,286, while the total number of stations connected to the government trunk lines tumbled from 85,927 to 64,136. This represented a loss of nearly 22,000 subscribers. During the same period, notes Britnell, toll revenues almost halved, as the number of long-distance messages plummeted from 3.5 million in the fiscal year 1929–30 to 1.7 million in 1932–33. The department's total revenue thus fell by at least $898,524 from a pre-Depression high of just over $3 million to just over $2 million. Its capital expenditures were slashed at the same time by $263,183 or more, exactly as the Provincial Treasurer had warned in February 1910.

The only item in the accounts that seemed to increase was the accumulated deficit. It grew by nearly $36,000 in 1931. This liability rose dramatically again two years later when, as a result of adverse American exchange rates, the department was burdened with additional exchange costs of $288,469 that it carried over as a deferred charge.[159] Only by reducing expenditures for the remainder of the decade was the department able to nibble away at the deficit until it was discharged finally in 1943.[160] While the Depression continued to grip the province and its people, any hike in telephone charges to fund the debt was obviously out of the question. But rates increased by 6 percent in 1932, anyway, owing to a new tax on all long-distance messages across Canada, imposed by Ottawa. In response, the department introduced lower night rates between the hours of 7:00 pm and 4:30 am, expressly for the purpose of "developing greater use of ... facilities on social calls." The same reduction was extended in 1939 to all-day Sunday, including long-distance.[161]

At the same time as these various efforts were made to sustain revenue and effect economies "in every possible way," the "officials and staff of the department's organization ... co-operated to maintain a high standard of service" over the entire plant,[162] and even to increase it. Admittedly, though, such gains were modest under the prevailing economic circumstances. Renewal and replacement of the system continued as before; indeed, successive *Annual Reports* indicate that increasing attention was paid to plant replacement. Prior to 1934, in fact, nearly one-third of the system's trunk lines (or 2,200 pole-miles) was either entirely renewed or strengthened by replacing

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Delivering poles in rural Saskatchewan

rotting poles.[163] Meanwhile, new lines were extended into fresh territory whenever possible, and new exchanges were installed wherever necessary. This construction program had a dual function. By expanding long-distance service beyond North Battleford and Prince Albert to such remote places as Paddockwood, Baupaume, St. Walburg and Makwa, the department began to open up the northern reaches of the province in the Meadow Lake and Loon Lake areas, just as W.J. Patterson had predicted in 1929. Additionally, the harvesting and hauling of poles for the extension of new trunk lines were undertaken as a relief measure to provide badly needed jobs by the telephone department in cooperation with the Saskatchewan Relief Commission.[164]

In conjunction with its standard operations, the department also attempted several innovations to improve its commercial affairs during the Depression's early years. To combat the continuing decline in telephone revenue, for example, it initiated an employees' sales plan in September 1932 with a view to stimulating business. Although not much was expected from the scheme, 715 sales were made for new connections, extension work or changes of equipment by the end of the fiscal year. This boosted the department's income by $16,080. Monthly, as opposed to annual, billing was introduced at Regina, Saskatoon and Moose Jaw to simplify accounting procedures, as well. The department also began to advertise radio-broadcasting facilities, though actual sales were few owing to the poor economy. It had better success the following year when the department supplied both telephones and telephone service to the World's Grain Exhibition hosted by Regina that summer.[165]

Despite these efforts to streamline operations, cut costs and boost revenues, the department's financial situation continued to worsen. It reached such a low ebb, in fact, that for the years from 1932 to 1936 at the height of the Depression the salaries of telephone employees were paid out of the department's Superannuation reserve. Legislated in 1928,[166] this pension fund was created to provide a monthly living allowance for telephone personnel who, having reached the age of 65 or been laid-off because of debilitating physical or mental health, had worked continuously for at least 10 years. Provisions were made, as well, for the families of employees who died while still on the job or after retirement, though in such cases the department reserved the right to halt the stipend if (for example) a "widow or child is in the opinion of the [Superannuation] board unworthy of it." The pension reserve was financed, in the meantime, by matching contributions of the telephone department and its employees, from whose monthly pay 4 percent was deducted automatically. The department was free, of course, to increase its contribution at any time from available revenues. It also had authority to invest any part of the fund in guaranteed Canadian stocks or securities, both provincial and national, including rural telephone debentures. Faced with a severe financial crises in the early 1930s, however, the department had little alternative than to suspend its contributions to the Superannuation reserve, which it then plundered for employee salaries.[167] With an empty provincial treasury and a government teetering on the edge of insolvency, there was simply no other source of money. The sums extracted were repaid eventually. It is a remarkable fact, however, that not once during these harsh times was a single employee laid off to cut costs—a record proudly maintained by the company throughout its long history.

Yet hardest hit in the early stages of the Depression was the rural field, where the catastrophic collapse of wheat prices, prolonged drought and repeated crop failures over wide areas led to disintegration in many parts of the system.[168] In just 32 months, from the end of April 1930 to the end of December 1932, there was a loss of 29,400 subscribers. Even before this period, though, it was clear that the farmers' firms faced a mounting crisis. "In many districts of Saskatchewan, the Rural Telephone Companies are in bad condition," announced James Bryant during the rancorous budget debate of 1930. "The subscribers are falling off. In some districts there are miles of unused lines. One district reports approximately one-half of their subscribers are gone."[169]

But what the minister attributed to Liberal mismanagement of the provincial plant in prior years for political reasons had resulted, in fact, from the early ravages of the deepening economic recession.[170] Between April 1930 and December 1932, the number of rural companies linked to government exchanges fell from 953 to 850, representing a loss of over 12,000 farmers' stations connected to the provincial system. By April 1934 that figure had increased to 13,776.[171] As both Britnell and Spafford point out, the reduced number of subscribers reflected, in part, a simple decrease in farm service. But it also reflected the inability of many cash-poor companies to pay the government's $5 "switching" fee levied on all non-government systems that used the exchange facilities owned by the province.[172] (Companies unable to pay

SaskTel Archives

A bird's eye view. Bill Talbot (left) and Jimmy Ferguson, cutting phantom transpositions in toll line near Sedley, SK (spring 1931)

were disconnected from their exchange, though they still had access to limited service over local circuits.) Consequently, the North Eastern Saskatchewan Rural Telephone Companies Association petitioned Regina for a reduction in switching charges every year from 1930 to 1934, when fees were cut. For if the government "do not give us consideration on this matter," warned the organization, "many Companies will not be able to carry on. They are heading that way now."[173]

It may also be taken as a measure of the concern running throughout the rural community, writes Spafford, that the same association considered a resolution that the government either fund those corporations "that find themselves in financial difficulties owing to the hard times or other conditions," or assume ownership and operation of the entire rural system.[174] As Saskatchewan entered the Depression and rural telephone subscriptions started to plummet, the farmers' firms found it increasingly difficult to meet their debenture repayments. By the end of 1930, default on the loan principal had reached about $444,000; by the beginning of 1932, it had exceeded $1 million.[175] Consequently, the following April the terms of the "special-levy" program initiated by the Liberals in 1928 were amended. Companies were granted "legislative sanction … to raise annually any sum not exceeding two per cent. of the company's paid up debenture principal, for the purpose of renewal reconstruction of the company's system."[176] In 1939, this figure was increased to 4 percent.[177] The same authority to levy a telephone tax on land adjacent to their lines was extended to farmers' cooperatives incorporated under the original Act of 1908, for which the financial hardship was just as acute.[178] These amendments to the legislation had two great advantages. First, because a large portion of the tax levy collected was paid to subscribers on local systems for labour or other services rendered, they in turn could pay their rental charges to the telephone companies.[179] Second, the amendments helped to maintain the value of the plant. As the department's *Annual Report* noted in 1937:

> *The policy of protecting the investment made by Rural Telephone Companies, through properly maintaining the lines and other equipment,*

SaskTel Archives
Robert McKindoe installing telephone lines at Langenburg, SK (July 1937)

> *has been the end towards which efforts have been directed, and it is gratifying to note the manner in which, even in these trying times, the companies have carried out this work.*[180]

Yet in spite of this additional help, extension work on rural systems ground to a complete standstill in 1933. In fact, for the first time since 1913 not a single debenture was issued for telephone purposes. "Development and the ability to pay telephone taxes in many of the rural communities have been temporarily suspended," reported the Local Government Board a year later, "and until improved conditions return the extension of rural telephone lines may not be expected, notwithstanding the fact that the rural telephone has meant so much to our farming communities."[181] The companies were also still hard-pressed to meet their debenture repayments, of which $4.5 million was outstanding at the end of 1933. It would take a while, after all, for the recent amendments to the special-levy legislation to take effect. In any case, out of 908 farmers' firms incorporated under the Act of 1913, only 197 were debt free. Meanwhile, the cumulative default on debenture coupons (including both principal and interest) amounted to $2,009,213.[182] Part of the problem here was that although company assets—chiefly in the form of taxes due from rural municipalities—more than covered the default, the municipalities redirected these revenues into education or other spending priorities, rather than turning them over to the farmers' firms as required by law.[183] As Dufferin Spafford observes, this situation revealed "a major weakness of using local government as a tax-collection agency when receipts are not ear-marked" specifically.[184]

In 1936, the current method of financing rural telephone development came under heavy criticism by a special Commission of Inquiry into Provincial and Municipal Taxation. Not only did it question the wisdom of having the land carry fixed obligations, considering the high variability of farm income, but it also challenged the principle of charging all land that abutted on rural lines with the costs of construction.[185] The difficulty with the Rural Telephone Act of 1913 was that it "reflected the mentality of the land boom" earlier in the century, in that "it was aimed partly at making the land speculator pay part of the cost of construction."[186] But as farmers abandoned their land during 1930s due to the Depression, the tax burden fell on fewer and fewer ratepayers. Added to this was the rapid consolidation of farm holdings. Because the "finances of rural telephone companies are ... dependent exclusively upon the collection of taxes levied almost entirely upon land," observed the commission, the only way to relieve them of their current indebtedness, "apart from relieving the landowner of part of his burden," was to arrange "such adjustments in interest rates as can be arrived at voluntarily between the telephone companies and their debenture holders."[187] The commission recommended further that any future telephone construction in rural districts should be financed on a "pay-as-you-go basis" under the old Act of 1908, and that no more companies should be organized with the power to issue debentures under the terms of the newer legislation. "The present system of financing thrusts an additional burden on landowners," it concluded, "which should properly be borne by the beneficiaries of telephone service —two classes that are by no means identical."[188]

The report fell on deaf ears, however, as conventional means were used to finance the ailing farmers' firms. Although there were small debenture issues in 1934, 1935 and again in 1937—the worst year of Saskatchewan's Depression, when "the number of rural telephone installations decreased by more than fifty percent"[189]—the practice ceased altogether until 1947. Rural companies turned increasingly, instead, to the enhanced provisions of the government's special-levy program,[190] meaning, of course, that they continued to depend upon tax revenue from adjacent lands. In fact, by the end of 1934, 466 firms that had authorized its use, had received a windfall of about $172,000 from the rural municipalities.[191] The latter also helped to relieve the financial pressure on the companies, if not the landowners, by issuing debentures of their own wherever they had retained or otherwise disposed of telephone taxes. This solution was facilitated by a partial resurrection in 1930 of the old Municipal Telephone Act, which permitted any city, town, village or rural municipality "to construct, maintain and operate a telephone system" within its corporate limits. To that end, municipalities had authority to issue debentures for the purpose "of raising the funds necessary."[192] The Local Government Board lent a hand, as well. In some cases, it arranged for reductions in debenture debt; in others it arranged for reductions in interest rates.[193]

Starting in 1935 when the worst effects of the Depression began to subside in the rest of Canada, conditions also improved slightly for Saskatchewan telephones. With the exception of 1937, a year of complete crop failure, the department reported steady—if relatively small—gains in terms of revenue from all sources, numbers of subscribers (urban, as well as rural), and capital expenditure on renewal and replacement of the physical plant. With the modest increase, for example, of long-distance business year by year to points both within the province and beyond Saskatchewan's boundaries, toll income rose correspondingly. Modernization of the system also quickened pace until, by 1937, 72 percent of all urban telephones were dial-operated, as well as 2,316 rural sets. In fact, at the close of that fiscal year, of the 66,555 telephones still in service, 40 percent used this technology.[194] The department similarly installed its tenth automatic exchange at Yorkton, where 1,050 magneto sets formerly in use were replaced with up-to-date dial telephones as required by the new electro-mechanical system.[195] In the meantime, work continued on extending long-distance toll lines into new territory, but especially to places such as Smeaton, White Fox, Choiceland, Carrot River, Frenchman Butte, Paradise Hill and other isolated centres in north-central Saskatchewan.

Hence, as the Great Depression eased its grip and economic conditions gradually returned to strength, the Department of Telephones slowly recovered from its losses. But "while this improvement in business during the past five years has been most encouraging," warned the *Annual Report* in 1940, "the fact should not be overlooked that the Department's revenue is still 20% less than it was in the year ended April 30, 1930."[196] As well, the economic crisis had almost destroyed the department's early attempts to fulfil its original mandate to provide telephone service to farmers in the sparsely populated areas of the province at a reasonable price. Only with the growth of long-distance revenues in the 1940s, and especially after 1945, could it return to major subsidized improvements in the rural network that had been devastated by 10 years of Depression.[197] That long decade of hardship closed on a high note, nevertheless. During the Canadian tour by rail of King George VI and Queen Elizabeth, in the summer of 1939 on the eve of World War II, the royal couple was provided with special telephone links wherever their train stopped. In Saskatchewan, the switchboard trunks carried on board were connected to the nearest town exchange, so as to supply both local and long-distance service at Regina, Waldeck, Saskatoon and Melville along the royal route. "The Department's staff," boasted the *Annual Report* proudly, "was happy to have had the privilege of serving Their Majesties and the members of Their official party in this unusual manner."[198]

CHAPTER TEN

TRANS-CANADA TELEPHONES AND WARTIME DEVELOPMENTS, 1930-1944

IN AN ARTICLE ENTITLED "BUILDING FOR THE FUTURE," published by the Moose Jaw *Evening Times* in 1922, then Premier Charles Dunning wrote:

> *Saskatchewan does not need to be any larger. There is ample space within its borders for a population of many millions. Our province is of empire extent, and indeed many old world empires do not include such an extensive territory, such an area of fertile soil, or such potential wealth in natural resources.*[1]

With the onset of the Great Depression seven years later, such expressions of confidence in Saskatchewan and its future prospects all but evaporated. A decade of drought and dust ruined the wheat crops, crippled the economy and produced an exodus of people, first from the farms and then from the province to more prosperous parts of Canada. As a result of the disaster, two things became abundantly clear. One was Saskatchewan's over-dependence on agriculture and a single crop, wheat, as its economic foundation. The other was the incompatibility with prairie conditions of farming practices brought with, and continued by, the initial settlers between 1905 and 1929. These included methods of ploughing and frequent cultivation that had been learned in the wetter regions of eastern Canada and Europe. As writer Evelyn Eager notes, the appalling climatic fluctuations of the "Dirty Thirties," during which the lack of rainfall was "the obvious and most devastating calamity," revealed the inadequacies of this kind of traditionalism. It led "to the eventual realization that farming techniques which were suitable elsewhere had been too uncritically followed."[2]

As often happens under such circumstances, the government was held accountable for the economic disaster, however positive the other aspects of its record. Not only had the Anderson administration established an effective non- partisan system to handle relief and enacted new legislation to protect debtors, it also had tackled the problem of political patronage in the civil service. Evidence of patronage misuse had justified Anderson's charges of influence peddling by the previous Liberal régime, even in the telephone department.[3] But the ruling Conservatives suffered serious internal divisions at the

SAB A2670
William J. Patterson (c. 1940), Minister of Telephones 1926–29, 1934–44

same time, added to the fact that the current economic crisis had compelled the government to curtail highway construction, telephone development and other public works programs. This had hampered its ability to reward the party faithful with patronage appointments of its own.

Ultimately, however, the Conservatives "suffered from being in office at a time when depression and drought adversely affected the great majority of Saskatchewan people."[4] For that they were punished at the polls. In the provincial election called for 19 June 1934, a revitalized Liberal party under James Gardiner swept back into power with an overwhelming majority of 50 seats in the 55-seat Legislature. The newly formed Farmer-Labour Group captured the remaining five seats, though it had anticipated a stronger return. The Conservatives, on the other hand, were annihilated. Not a single supporter of the Anderson administration was re-elected, despite having won more than a quarter of the total popular vote.[5] On 19 July James Gardiner became provincial premier once more. Not until 1982, after forty-eight years in the political wilderness, would the Conservatives reemerge to govern Saskatchewan under Grant Devine.

In the new Liberal cabinet of 1934, meanwhile, William J. Patterson was restored to the portfolios he had held in 1929, including the Department of Telephones. His position changed just a year later, though, when Gardiner resigned the premiership to join the federal cabinet of Liberal Prime Minister Mackenzie King as Minister of Agriculture and chairman of a new government committee formed to supervise the recently established Wheat Board. In November, Patterson was chosen to succeed him, thereby becoming the first Saskatchewan-born premier of the province. Though now burdened with the extra responsibilities of his leadership status, he retained the telephone portfolio. In 1936, moreover, he named fellow Liberal and former telephone minister Archibald P. McNab as Saskatchewan's new Lieutenant-Governor.

The Liberals remained in office for the next decade. During that period, the government was preoccupied with the ongoing problems of debt, drought and depression; a second election in 1938; and the reorganization of Saskatchewan's economy following the outbreak of World War II in September 1939. That conflict placed especially heavy demands on the province's recovering agriculture industry. That it was equal to the challenge, however, was indicated by a succession of good crops. "The rain came," writes John Archer, "and the land produced."[6] Moreover the new global conflict compelled the diversification of Saskatchewan's productivity because of the high demand for animal and dairy products in vast quantities. The cattle, pig and sheep industries grew dramatically during the war years, which in turn stimulated the production of more cereal crops to feed this livestock. The acreage devoted to oats, barley and flax increased accordingly, therefore.[7] Yet despite enormous changes starting in 1939, Saskatchewan's economy was still predominantly agricultural. And however much it has diversified into resources or manufacturing since World War II, "wheat [was] still king."[8]

SASKATCHEWAN AND TRANSCONTINENTAL TELEPHONES

The Liberals had the good fortune to preside over a period of accelerated economic recovery, stimulated largely by the demands of the new war effort. Among these demands was the provision of telephone connections to the Canadian Armed Forces stationed across Saskatchewan, especially to the RCAF and British Commonwealth Air Training posts. In fact, "due to the National Emergency now existing," stated the Department of Telephone's *Annual Report* in 1941, "the Department considers its principal and first responsibility to be that of providing telephone service as and when required by all branches of His Majesty's Forces, and the work involved in providing telephone facilities this required has been unusually heavy throughout the year."[9] The need for connections to the various airforce bases in Saskatchewan was an item of particular concern:

> *The construction of buildings at air fields was carried on simultaneously at different points in the province, and as the work was being rushed to completion, every effort was made to complete the work of building the private branch exchanges, trunks to nearby town exchanges, and in some cases additional long distance lines, in time to meet the service requirements, as each air field was brought into operation. All installations were ready for operation on the dates required by the authorities concerned.*[10]

At the same time, the department had connected 2,267 new local subscribers to existing civilian lines—the largest increase since 1929—as well as 219 rural subscribers. A corresponding jump in long-distance calls also had improved telephone revenues by 8 percent. The department had even managed to enhance its annual provision for depreciation of both plant and buildings, reduce a substantial portion of its lingering debt, and extend even more circuits into northern Saskatchewan at such places as Algrove, Barford, Hatherleigh and Whitkow. But, acknowledged the *Annual Report*, due to the heavy demands now placed on manufacturers of telephone equipment, the department had no plans for further extensions of the provincial system over the next year.[11]

What helped to facilitate the rapid installation of telephone connections in the province for military purposes, and assured efficient telecommunications across the nation during the war years, was the Trans-Canada Telephone System. Saskatchewan's portion of this countrywide network was a direct legacy of J.T.M. Anderson's Conservative government, for which the Liberals could claim no credit. Ever since the birth of Canada in 1867, the provision of effective means of communication from east to west had been vital to the country's unity. The construction of the CPR rail links from coast to coast, for example, had been British Columbia's primary condition for joining

Confederation. It also secured Canada's hold on the Northwest Territories against potential American intrusion. This unity was reinforced on 21 September 1898 when the CPR completed its telegraph connections from Montreal to Vancouver, forming "the longest telegraph line in the world" to date.[12] With the advent and subsequent development of the telephone, the new technology was regarded as the next logical means to conquer time and space across the country's enormous breadth.

Although entrepreneur Sir William Mackenzie (1849–1923) might not have been the first to conceive of a national telephone network, he was certainly the first to do something about creating one. Mackenzie got his start as a railway contractor, working in Ontario, the state of Maine and the Northwest Territories. In 1895 he and business partner Donald Mann began to accumulate prairie train lines and charters as a growing nucleus for the future Canadian Northern Railway Company—the original CNR. When that system was completed from Halifax to Vancouver in 1915, the CNR became one of three transcontinental railways in the Dominion. It also handled most of the early shipping needs for the Saskatchewan government's telephone department. In 1913, meanwhile, Mackenzie had contacted the telephone ministers of Manitoba, Saskatchewan and Alberta. "He has in mind entering into agreements with all the western provinces," wrote James Calder to George Bell, to conclude a joint arrangement for the operation of their systems on a wider scale.[13] For that purpose, Mackenzie wanted to meet with Bell in Toronto to discuss the plan, while one of his agents talked with officials of the telephone department at Regina. But nothing came of his initiative. Not long afterward, economic difficulties led to the CNR's nationalization and then amalgamation in 1918 with the Grand Trunk and Intercolonial Railways, thus creating the Canadian National Railway system.

Not until 1921 was the project proposed again, when the Telephone Association of Canada (TAC) began to investigate a long-distance system on native soil. To be sure, by the mid-1920s the various provinces were linked together, but as Armstrong and Nelles point out, the line quality was not sufficient to permit calls across Canada, and transcontinental long-distance messages had to be routed through the United States.[14] This explains the heavy emphasis placed by the TAC's mission statement on uniformity of construction, equipment and operation for the greater unity and efficiency of telephone service across the Dominion. Finally, on 1 July 1927 a national hook-up was created briefly in celebration of Canada's diamond jubilee. Standing at the foot of the newly finished Peace Tower on Parliament Hill, Prime Minister King spoke to his fellow citizens via radio broadcast over telephone and telegraph wires on the significance of Confederation's sixtieth anniversary.[15]

The popular enthusiasm this link provoked prompted the TAC to commission the Bell Telephone Company to investigate the feasibility of a permanent system, with regular coast-to-coast connections.[16] In May 1930, a three-day conference met in Montreal to consider the finished report and to discuss the coordination of work in connection with the proposed line. At this time, the Trans-Canada Telephone System was created on paper, at least, as a cooperative venture to manage traffic over the prospective network (to be completed at a projected cost of $5 million) and to divide the toll revenues among its regional partners. Each was to own and operate its own equipment to standards agreed upon by the entire system. The registered office of the new enterprise was to be located in the Bell Company's Beaver Hull Building in Montreal. This ensured that Bell operating procedures would become standard for the transcontinental line once in service. At the same time, Paul A. McFarlane (vice-president of the telephone giant) was elected president of the fledgling association, with James F. Bryant (the Saskatchewan Minister of Telephones in the Anderson government) as his vice-president.[17]

Popular enthusiasm for a nationwide telephone link was not, however, the only motive behind the formation of the new association. Another was to provide a national network for radio broadcasting, a relatively new form of communication that relied heavily upon the use of telephone or telegraph lines for transmission regionally and over long distance. Then, as now, the radio transmitter and studio sites were often not located at the same venue. Consequently, a communication facility was required to deliver the programme information, originating in the studio, to the transmitter site. The range of this facility could be very local or national, in the case of a networked chain of private stations or a public system. Yet the radio station required also that this transmission facility deliver information as an exact reproduction of the studio-originated signal, noise free. Therein lay the problem. Existing facilities in the 1920s and 1930s were incapable of this function. The transmission quality deteriorated severely over long circuits or during adverse weather conditions. To be sure, the telegraph companies enjoyed a brief geographical advantage in the early days of radio transmission. For they had the capability of assembling a national network on their pole lines, which ran parallel to their rail lines. But the real issue was transmission quality. Telegraph wires were simply less suited for radio, as they were designed to carry "written" messages by means of electrical impulses, rather than "sound" messages in the form of the human voice or music. The telephone companies understood this and, recognizing a future business opportunity, soon added to their own networks to enhance transmission quality and interconnectability for the purposes of radio broadcasting.[18]

Canada's first radio station had been established at Montreal in 1919, and a number of private stations had followed in the early 1920s, including CKCK Regina and CFQC Saskatoon. Yet the public authorities at Ottawa had largely ignored the rapid developments in the broadcasting industry, beyond creating a very loose system of federal regulation under the Radio-Telegraph Act and the Department of Marine and Fisheries early in the decade.[19] To be sure, Prime Minister King was impressed by the possibilities of the new medium in the wake of his 1927 national broadcast. He was also aware of growing pressure in large parts of Canada for the development of radio as a government-controlled monopoly, following successful experiments overseas. But with characteristic caution, he "made no haste in a potentially contentious matter" that threatened to reawaken the old debate over private *versus* public ownership,[20] especially on the eve of a federal election.

Responding finally in early December 1928, the Liberal administration in Ottawa appointed the Aird Commission (named for its chairman Sir John Aird, president of the Canadian Bank of Commerce) to hold public hearings on the issue. This measure was prompted to a large degree by the Radio Telegraph convention signed and ratified independently by Canada the previous year without reference to Great Britain or the Empire, in participation with 79 other countries. For the agreement immediately raised the matter in various quarters of Parliament's capacity to implement international treaties entered into by the Dominion as a sovereign nation at all levels of government, and specifically whether regulatory jurisdiction of radio broadcasting, in this instance, lay with Ottawa or the provinces under Sections 91 and 92 of the BNA Act.[21] That, in turn, evoked the question of private vs. government control of Canada's burgeoning radio industry. Submitting its report on 11 September 1929, just nine months later, the commission recommended a publicly owned broadcasting system with no private stations and only limited access to advertising for commercial interest. While private enterprise was to be commended, stated the report, for providing radio entertainment "with no direct return of revenues" in the form of subscriptions, the same lack of revenue had tended "to force too much advertising upon the listener." Another potential problem was the over-crowding of stations into select urban markets and "the consequent duplication of services in such centres, leaving other large populated areas ineffectively served." Above all, however, was a "unanimous" desire for Canadian broadcasting across the country at a time when "the majority of programs heard are from sources outside of Canada," particularly the United States.

In fact, American influence had become a genuine concern for many Canadians. For with the advent of radio broadcasting "as a potential medium of communication with every home on the continent," a new and dynamic dimension was added to the country's relations with its southern neighbour. Never before, writes historian Margaret Prang, had the "undefended boundary" between the two "presented such an open door to cultural annexation." Indeed, by the end of the 1920s only the CPR, CNR and Imperial Oil Company sponsored live, national broadcasts on a regular basis. In addition, by an agreement between Canada and the United States, based primarily on population rather than on the area served, radio stations across the Dominion "had access to only six clear channels, shared eleven others with American stations, and were frequently drowned out by their more powerful neighbours." As a result, by 1929 at least 80 percent of programs listened to by Canadians were of American origin.[22] "It has been emphasized to us," warned the Aird commission, "that the continued reception of these has a tendency to mould the minds of young people in the home to ideals and opinions that are not Canadian." The report thus advised that the interests of the listening public and of the nation as a whole "can be adequately served only by some form of public ownership, operation and control behind which is the national power and prestige of the whole public of the Dominion of Canada."[23]

In short, the commissioners looked at radio's potential beyond mere entertainment to consider the issues of "education in the broad sense," "public service" and political interest by "fostering a national spirit and interpreting national citizenship."[24] Their report was an appeal to the Dominion government for what one author has called "defensive expansionism," by creating a system of public broadcasting for Canada.[25] Under the circumstances, King's administration could hardly ignore the call, especially given evidence of the mounting dissatisfaction expressed in many quarters of the country over the content and reception of radio programs in Canada. But then, as now, the federal Liberals were obsessed with finding a "Canadian identity," in any case—as defined, of course, by Ottawa. Nor were they alone in this quest, for a whole new generation of nationalists had emerged during the decade since the Great War's conclusion in 1918. This developing spirit had led, in turn, to the foundation of a whole succession of publications, organizations and associations across the country during the 1920s at "a frequency unprecedented in Canadian history." Each was dedicated to serving national needs or aspirations, and all "were manifestations of the growth of national feeling" that was countrywide, "spontaneous and inevitable."[26]

The creation of what would later be termed a Crown corporation to handle all broadcasting in Canada was naturally regarded, therefore, as a viable means to these nationalist ends. Also noteworthy is that many of the arguments made by the Aird report in support of this goal had been used previously in the private-*versus*-public-ownership debate over telephones earlier in the century—perhaps just as Mackenzie King feared in 1927. Yet not until May 1932 was a national, publicly owned broadcasting system implemented in the country under the aegis of the Canadian Radio Broadcasting Act.[27]

That long delay was due to the policies of the new Conservative government of Prime Minister R.B. Bennett (1870–1947), elected in 1930, which generally favoured private enterprise. To be sure, by the end of January 1931 even his administration had become convinced that radio, at least in Canada, was a natural monopoly. But it still hesitated to act, for the government "had not yet decided whether that monopoly should be public or private."[28] Constitutional challenges from Quebec concerning Ottawa's jurisdiction in the matter, and opposition by the Canadian Association of Radio Broadcasting in support of private enterprise and the free market system, also prevented swift action at this juncture. As a result, the whole debate over regulation of the Dominion's airwaves was submitted before the Supreme Court of Canada for a ruling the same year. But because it was not at that time the highest judicial authority in the land, the court's decision was referred subsequently to the Judicial Committee of the Privy Council (JCPC) by the Governor General in Council (meaning the cabinet) for review and verification.[29]

Recognizing—or asserting—the fact that those involved in radio broadcasting "must, so to speak, be kept in order by legislation and the only legislation that can deal with them all at once is Dominion legislation," the JCPC concluded that control of the industry was *intra vires* ("within the power") of the federal government. Radio broadcasting thus fell under the general authority of Parliament to legislate for peace, order and good government of Canada, rather than dividing that authority between Ottawa and the provinces, "provision by provision," according to the pertinent sections of the BNA Act.[30] The ruling of the JCPC did more than confirm Ottawa's jurisdiction in the field of radio broadcasting over provincial objections, however, It also established a significant precedent that would be invoked five decades later, when the federal government declared its authority to regulate the interconnection of telephone systems across the country.

Finally, legislation was passed in 1932 by the Conservatives, creating the Canadian Radio Broadcasting Commission (CRBC) with a far-reaching mandate "to control virtually all aspects of broadcasting in Canada" as an instrument of national integration.[31] The new Act thus accorded a dominant place to public enterprise in the radio industry; yet it stopped short of full socialization.[32] Instead, private stations were to be permitted to operate as before, though under close regulation by the CRBC, which also controlled their licences and frequencies. The commission had the authority, moreover, to determine the number, location and power of stations required in Canada; the proportion of time devoted by any station to national and local programs; the amount of advertising, which was not to exceed four percent of any program period; and the suspension or cancellation of private broadcasting licences, including those for the organization or operation of radio chains.[33]

Some form of centralized regulation was crucial to the broadcasting industry even at this early date, for the simple reason that the available frequency spectrum for radio transmission was broad but not infinite. Demand for access to this spectrum increases with the growth of population and the development of new applications for radiated energy. It was thus critical that a central agency controlled and coordinated the use of this resource. Because these applications knew no physical boundary, this responsibility was assumed by the Dominion government in 1932 and still remains in federal hands. Under this arrangement, the radio inspector assigned bands of frequency spectrum by usage, provided frequency coordination to prevent radio frequency interference, and ensured to some extent that individual radio stations adhered to the restrictions on their licenses. The same system obtains today. To pay for the administrative costs involved, a licensing fee was charged to the radio station and ultimately to the private listener who owned a radio set.

The Dominion government's new regulatory policy of 1932 was worthless, however, without the practical means to implement it. But that opened a brand-new debate that affected the proposed Trans-Canada Telephone System. This time, the battle lines would be drawn between the railway companies led by the CPR, which wanted to head a private radio monopoly (or at least monopolize radio transmission over its telegraph wires),[34] and the TAC, which believed that radio broadcasting was best handled over the telephone systems already in place across the country.

Indeed, from the outset, the whole issue of radio broadcasting was an integral feature of the TAC's deliberations for a transcontinental telephone network. In fact, during the association's tenth annual meeting at St. Andrew's, NB, from 29 August to 2 September 1930, the Executive Council specifically discussed the matters of "broadcast coordination" over the proposed national system, the rates to be charged for such service, and the delegation of regional officers to handle the broadcasting business. Thus looking ahead, the Executive agreed that the network's circuits were to include facilities for broadcasting, and instructed the Engineering sub-committee to define transmission standards for that purpose. Otherwise, the council attended to matters more directly related to telephone extension. Among other items, the association's subcommittee for traffic was directed to plan the required routings for telephone messages. Part of this task involved making arrangements with the American Telegraph & Telephone Co. (AT&T) for the interchange of toll traffic between the United States and Canada once the transcontinental line was cut into service.[illegible]

It is an indication of Saskatchewan's prominence in Canadian telephony and the success of its provincial plant that James Bryant was elected vice-president of the TAC at the same conference. In fact, he replaced A.P. McNab, who formerly had held the position. At subsequent meetings in September and October, the Executive Council laid plans for an advertising campaign to be handled by the Montreal firm of McConnell & Ferguson; reviewed the portions of the system already completed and those scheduled for construction in 1931; and discussed administrative details for the supervision and control of the trans-Canada line. The general idea was to create an association for this purpose, composed of a representative from each of the regional telephone plants involved, with a central office to be managed by a coordinating officer.[illegible]

On 1–2 December 1930, at a meeting of the Executive Council held in Regina, a formal partnership was concluded among the seven telephone systems that created the trans-Canada line.[illegible] These included: the Maritime Telegraph and Telephone Co., the New Brunswick Telephone Co., the Bell Telephone Co. of Canada, the Manitoba Government Telephone System, the Saskatchewan Government Telephone System, Alberta Government Telephones and the British Columbia Telephone Co. Representing Saskatchewan were James F. Bryant; Walter H. Warren, Deputy Minister of Telephones; George Milne, the Chief Accountant; C.W. Doody, the Traffic Superintendent; and Ben Jones, the Commercial Superintendent.[illegible]

Among the resolutions adopted were that the newly formed Trans-Canada Telephone System would own no physical assets, but would oversee all regulations that governed the commercial and traffic departments of the transcontinental network. Those regulations were to be determined by a general management board, composed of a chairman (P.A. McFarlane) and a director from each system in the partnership, just as the Executive had proposed the previous October. (Bryant was appointed subsequently for Saskatchewan.)[illegible] A main Clearing House also was to be established at Montreal "for the purpose of apportioning and setting tolls for all business transactions." Each partner in the association was to bear a portion of the costs this entailed, including employee wages, and to contribute to the operating expenses of the entire system.

It was concluded further that uniform rates and practices were to be established for the whole network. This meant reaching agreements on the points at which each member company would connect with those adjacent to it, in order to create a "through system of toll lines" that extended from Halifax, NS, to Victoria, BC. This in turn required each plant to make the necessary adjustments to switchboards and other connections for direct and prompt communications between subscribers from different systems over the most economical routes. To that end, each partner in the cooperative was to install new equipment or circuits where needed to handle transmissions, and to maintain its plant to ensure efficient service at all times. The delegates further resolved to appoint a committee to open preliminary discussions with AT&T

respecting operation standards for, and further routing of, international traffic.[10]

Lastly, Bryant moved that in view of the competition developing between Canadian telephone and telegraph companies over wire-leasing, teletype, radio broadcasting, rates and procedures, representatives of the CPR and CNR be invited to discuss ways of sharing these services at the TAC's eleventh annual convention. This was scheduled for late summer 1931 at Minaki, ON. The motion passed unanimously. By that time, it was thought that the transcontinental circuit would be in operation between Halifax and Calgary, at least, which would present the telegraph companies with a *fait accompli*. In the confident belief that this would nip in the bud any potential rivalry over such items as radio transmitting, the delegates felt little need for speedy action to implement the system. The formal agreement, concluded at Regina and drafted in final form by the Bell Company,[11] was circulated to, and approved by, the various participants in March 1931.[12] James Bryant signed it officially on behalf of Saskatchewan the following November.[13] Sir William Mackenzie's vision of a Trans-Canada Telephone System had become a reality at last, though he had not lived to see it.

The expectation that the transcontinental line would be in service as far as Alberta by summer 1931 was a bit premature, however; for new circuits had to be erected in a number of provinces to complete the system. The work was slowed, in the meantime, by the global depression that now gripped the country. This probably explains why the advertising campaign proposed in September 1930 was postponed for a year and Bryant withheld his signature from the final contract until November 1931. Only then had Saskatchewan completed its segment of the new system, although its original target had been to finish by the end of the previous May. The task itself was undertaken by sections, starting with the main line from Regina eastward to the Manitoba boundary via McLean, and westward to the Alberta border via Swift Current. The total pole-mileage across Saskatchewan was 465 miles, of which 170 were built in 1930. The remaining 295 pole-miles of circuit were finished the next year.[14] Much of the early work consisted of replacing old leads, stringing more wire and planting extra poles, in addition to new construction. Arrangements also were made with power plants at the provincial capital and Swift Current to supply the trans-Canada system with the necessary electricity. But because of the need to wait for shipments of more material and equipment from Ontario and Quebec, progress was impeded and the completion date pushed back.[15] Once finished, the total cost of Saskatchewan's contribution to the project was $750,000, a huge sum for a period of economic distress and the department's only important expenditure on capital account for most of the decade.[16]

In the meantime, the Executive Council of the TAC met at Montreal in mid-May 1931 to conclude the last administrative details for the continued extension, operation and maintenance of the transcontinental system. Specifically, the decision was made that each member company would appoint a local chairman to oversee the activities of the network within its jurisdiction, and to serve on a nation-ide Trans-Canada Operation Committee that reported directly to the general manager of the entire line.[17]

A second resolution adopted by the Executive was to establish a special school for traffic supervisors, who would be responsible for the smooth performance of the system.[48] This idea was first proposed in September the previous year. The recommendation at that time was for the school to be situated in Montreal under the aegis of Bell Canada. Instruction would last for a period of two months at a total cost of $4,000, which was to be divided *pro rata* among the companies that sent trainees.[49] Under the new proposal, Bell Canada would still supervise the school, but the location was moved to Regina. This strongly suggests that the whole idea was inspired by the successful example of the Saskatchewan Government Telephone School in providing instruction for the personnel of rural companies.

These administrative structures were confirmed at the TAC's annual meeting the following September 1931, where one of the invited guests was Francis Dagger, the well-known expert who had been supervisor of telephone systems for the Ontario Railway & Municipal Board since 1910. At the same conference, the delegates agreed in principle that standardized rates for the trans-Canada service should be quoted not only by all the companies in the partnership, but by both national railways, as well. Individual rates could be set, on the other hand, for simple interprovincial long-distance calls. This arrangement would collapse, of course, if the CPR and CNR deliberately cut their toll charges in order to increase their business at the telephone companies' expense. That was a major source of concern for the TAC.[50]

By 1932, the Trans-Canada line was in place from coast to coast. Hailed by Saskatchewan's telephone department as the "most outstanding event" of the year, it was inaugurated on 25 January by Governor General, the Earl of Bessborough. "Since the completion of this system," boasted the department's Annual Report, "an unexcelled Dominion-wide long distance service is now being given over an all-Canadian route," to which Saskatchewan had contributed a major share.[51] Consisting of 4,260 miles of copper wire, cedar poles and steel pins fitted with pyrex insulators, the line "was built to a standard never before achieved, and it was to communications what the CPR had been to Canadian travel."[52] At a daytime rate of $10 per call, however, the service was far too expensive for people caught in the throes of the Great Depression.

Building upon this foundation, on 1 May the following year an agreement was signed among the telephone systems involved in the transcontinental network "for the transmitting of trans-oceanic messages by what is known as the all Empire route." This new service extended from Montreal

> *over the Canadian Marconi Wireless Circuits and the facilities of the British Post Office to points in Great Britain, Northern Ireland and the Isle of Man. This also includes ship to shore service to the [passenger vessel]* Empress of Britain *plying between Quebec and Liverpool, England.*[53]

That development represented an enormous step forward for the independence of long-distance telephony in Canada and, by extension, Saskatchewan. For prior to opening the trans-oceanic line, "all overseas calls from Canadian points were routed via New York."[54] It also led directly to the inauguration in 1940 of the longest direct wire circuit in the British Empire, established between Toronto and Vancouver, a distance of over 3,000 miles. This had immediate benefit for the residents of Saskatchewan, where 72 percent of all local telephones connected to government-owned exchanges had been dial operated since 1937.

RADIO-BROADCASTING: TELEPHONES VS. TELEGRAPH

The only question now remaining was that of radio broadcasting, and specifically whether this service would function over the telephone wires of the Trans-Canada System or the telegraph wires of the two national railways. Starting in April 1932, this issue became the focal point of intense debate as the CRBC began its operations at Ottawa. In a letter to Conservative MP, W. Bynon, James Bryant argued strongly for the use of telephone lines, both provincially and nationally. In the first place, he asserted,

> *Voice production and transmission is* [sic] *the function and sphere of the telephone companies that were created solely for that purpose and not the sphere of the telegraph companies [or the railways that owned them]. In the second place, the Trans-Canada equipment for long-distance broadcasting is much superior to any other equipment in Canada and associated with the Trans-Canada equipment are the telephone systems of the various [regional] companies which have combined with the Trans-Canada [network] for such purpose.*[55]

"This is the most complete vehicle of voice transmission," contended Bryant, "and we feel that we are entitled to the radio business and that we can give better service" than the telegraph systems of the CPR or CNR.

Paul A. McFarlane, chairman of the Trans-Canada line, agreed, adding that he hoped to register the importance of using telephone circuits for any arrangement of radio-broadcasting stations with the CRBC. This would be of the greatest benefit to both the telephone and radio business in Canada, he affirmed. But, McFarlane continued, any reference to government control of radio-broadcasting or interference with program or station management had to be avoided. Ottawa had already decided the previous February that control of radio lay exclusively within federal jurisdiction. There was real danger, besides, in reopening an issue that might cause the Dominion government to consider the same fate for the transcontinental telephone system, given its claim to be the proper vehicle for nationwide radio transmission. Hence, on the principle of letting sleeping federal dogs lie, McFarlane stressed that "we are merely advancing an argument for the use of proper communication facilities in any scheme, plan or organization that the Committee may suggest to Parliament," and nothing more.[56]

Yet in the spirit of cooperation already established by the TAC in respect to the standardization of toll rates by the telephone and telegraph companies alike, a compromise was considered at the association's next Executive Council meeting at Winnipeg in late April. The proposal was made to give the railways the long-haul broadcasting business from Sudbury to Winnipeg, at which point the government-owned systems of the western provinces would take control of it to Victoria. Although Alberta, Saskatchewan and British Columbia endorsed the idea, Manitoba hesitated; hence, the resolution was tabled until a later date.[57]

In the meantime, the CRBC heard arguments from the other side in the growing debate. On 20 April, E.W. Beatty, president of the CPR, appeared before the federal body to advocate an all-Canadian Radio Company. He strongly opposed the kind of public control and operation of broadcasting urged by the Aird commission back in 1929. He recommended instead the formation of a private radio monopoly "in which Canadian railways and other businesses with radio interests would share through ownership of stock, and stressed the dangers of political interference under a system of public ownership."[58] To that end, Beatty proposed the organization of an independently administered corporation, to be known as the Canadian Broadcasting Company, that would acquire all existing radio stations by issue of stock to form a national system. Ultimately, the new CBC would be responsible for encouraging Canadian talent, opening new stations in the country where necessary, providing facilities at key points for European and American programming, "and otherwise directing broadcasting in the general national interest." "It is estimated," wrote the Mail and Empire at the time, "that such a system would finance itself, [and] pay its own way without any tax on the public treasury or the general public."[59] Only where there was suspicion of treason or danger to the interests of the nation would the federal government have the right to interfere.[60] But as one editorial critical of this scheme scoffed, the CPR "having got the earth now wants the sky!"[61] – a reference to the enormous land grants the company had received across Canada with its original charter for railway development.

Suspecting that the CRBC and Parliament would soon come to a decision on this matter, the *Toronto Star* erroneously predicted that Beatty's proposal was likely to be adopted.[62] But as historian Margaret Prang observes, his admission "that radio, at least in Canada, was a natural monopoly," as well as his failure to demonstrate convincingly that a private company would require no government subsidy, undercut his position.[63] The question still remained, however, whether national broadcasting would be routed via the telegraph wires owned by the two railway companies, or via the telephone lines controlled by the various partners in the transcontinental network. Vancouver Senator A.D. McRae partially opened this Pandora's box when he recommended an "all-Red" Imperial Radio system to the commission in advance of the all-Empire route for telecommunications planned for the following year. Described as an "ardent Imperialist," McRae wanted a London, England, based radio system that would serve the whole British Empire, and thus "embrace the entire world." In fact, the senator believed so strongly in the propaganda value of radio broadcasting as a means of preserving imperial unity that he wanted to discuss it during the next Imperial Conference.[64]

But the Trans-Canada Telephone System and the TAC did not stand idly by as Ottawa reached a decision on the routing matter. In their own submission to the CRBC, the two associations argued forcefully in favour of the transcontinental telephone network as the best medium for radio transmissions on the national level. "The Trans-Canada Telephone System," the document began,

> *was formed in 1930 as a result of over ten years of close working relations of the seven major telephone systems of Canada, three of which are*

> *government owned and operated, and four privately owned companies. Preparatory to the completion of connecting their respective long-distance lines together to form a complete system of telephone facilities reaching from the Atlantic to the Pacific the principals of these Systems considered it in the interest of the Dominion and to their mutual benefit to build a through system of telephone lines. To establish this national system and for the purpose of facilitating operations by coordinating the practices of the various systems, the Trans-Canada Telephone System was created as the instrument of management.*[65]

By means of a reciprocal agreement, the submission continued, backed by a total investment to date of over $10 million, ample equipment, standardized operating methods and a pooling of facilities for additional capital, engineering, construction, maintenance and so on, "the system provides complete coast to coast oral communications." At strategic points, the transcontinental line also gave direct access to American, trans-Atlantic and eventually even trans-Pacific connections, "making for world-wide communication service."[66]

Given current conditions, the submission asserted, the technical scheme of radio broadcasting "must embrace ... the use of communication facilities to connect the four principal regions of Canada": the Maritimes, Central Canada, the Prairies and British Columbia. Telephone wires were essential to any plan that called for chain-broadcasting across the nation as they offered the best means to render that service. The Trans-Canada Telephone System was particularly well suited to provide exactly the kind of interconnection between local radio and broadcasting stations that was required. Not only did it control "high grade telephone lines for Long Distance transmission from coast to coast," but the "constituent telephone systems also have complete telephone wire networks connecting all cities, towns and villages in their respective territories." These could be adapted easily for high-quality sound transmission of radio programs from any local point to radio stations across Canada.

Besides, the transcontinental system was designed specifically for high-quality transmission over long distances, whether across the nation or around the world. Thanks to steady advances in telephone technology, the system certainly offered a wider range of electrical frequencies than was required for normal speech or music. In addition, its lines and circuits were designed to eliminate noise distortion and cross-talk, and to provide amplification. Developments in radio transmitters and other broadcasting technology were conducted, meanwhile, by the same laboratories and research organizations that served the telephone industry. The two fields were thus interdependent. Consequently, the Trans-Canada System was far better equipped to undertake radio transmission than the telegraph systems of the CPR and CNR, by virtue of its control of facilities across the country, as well as "its skill, organization, nature of its business and its position in the field of development." Indeed, concluded the TAC's submission, "any complete [broadcasting] network must use telephone communication facilities,... because such service is inherent to the telephone business."[67]

Despite this spirited self-promotion, it soon became clear that Beatty's idea of using the railway-owned telegraph wires for radio transmission had gained the ascendent at Ottawa, even if his overall scheme for a private monopoly had failed. Hoping to preserve control over the broadcasting business at least for their portion of the transcontinental line, representatives of the four western telephone systems met at Calgary in November 1932 to consider their options. James Bryant resurrected the idea originally proposed the previous April, whereby the telegraph companies would control radio broadcasting east of Winnipeg, while the western systems would manage the business across the remainder of the country to Victoria. Although the motion was tabled yet again for further discussion,[68] it was resolved that the CRBC be urged "to note the justice and right of the Trans-Canada Telephone System to transmit and carry proposed National Radio broadcast programmes across the Dominion."[69]

But the resolution fell on deaf parliamentary ears. Meanwhile, despite R.B. Bennett's patriotic appeal in the House of Commons early in the debate that without Canadian control of broadcasting from Canadian sources, radio "can never be ... the agency by which national consciousness may be fostered and sustained and national unity still further strengthened,"[70] the operations of the CRBC did not prosper. In fact, argues political scientist Jonathan Rose, the commission's establishment portended "a future pattern for the federal government: lofty rhetoric for the virtues of a Canadian controlled broadcasting system, but far less support for actions that would assure this."[71] For one thing, though granted enormous potential power, the CRBC was inadequately funded, as even the government declined to turn over to it the whole sum collected in radio license fees. For another thing, the commission encountered administrative and political problems. Private broadcasters also remained active and hostile.

Indeed, Ottawa soon discovered that the private sector was unwilling to invest in the establishment of a national network. The western members of the Trans-Canada Telephone System similarly opposed its decision on the issue. The protest from Saskatchewan was especially vehement. In an exchange of letters with James Bryant, Deputy Minister of Telephones W.H. Warren argued that the telegraph companies should be prevented from transmitting sound across the province. The government-owned telephone system was far better equipped to provide that service than the railway companies, having been constructed precisely for that purpose. It also operated at cost, unlike the telegraph companies that operated for profit. The latter had no right, therefore, "to transmit programmes of this kind and ... the [provincial] telephone system has every right to be favoured with this business."[72] Besides, the Department of Telephones needed the extraordinary revenues from broadcasting to keep its plant operating at a time of deep financial recession, when normal business conditions were at such a low ebb.

At least Warren derived some solace from the results of a recent transmission of orchestral music from Vancouver over the CPR telegraph wires to Regina. So poor was the sound that the local radio station which carried it not only apologized to listeners, but also refused to broadcast further symphonies. "While I am not particularly anxious to stress the inferior quality of our competitors' lines," Warren wrote with counterfeit sympathy, "I believe that when the proper occasion arrives that this information should not be lost sight of."[73]

But Bryant could not wait for that occasion. On 6 December 1932 he sent a strongly worded protest to Sir Hector Charlesworth of the federal radio commission, to assert Saskatchewan's rights in the matter.[74] Two months later, Bryant and his counterparts in Alberta and Manitoba issued a second petition to Charlesworth on behalf of the western telephone systems, in which they repeated their position point-by-point. Furthermore, they demanded a fair share of the revenues from national broadcasting.[75] Telephone officials in Saskatchewan went even so far as to consult with Alex Blackwood, the Deputy Attorney General of the province. They wanted to determine in particular if it was legally possible for private communications systems to establish a separate telephone service in Saskatchewan via the railway telegraph lines, whether by lease, purchase or other arrangement for long-distance business.[76] The department obviously feared that this would be the next logical outcome of Ottawa's decision to create the federal broadcasting corporation in partial association with the CPR and CNR.

After a detailed discussion of the legalities, Blackwood's answer was a carefully qualified "no." The provincial government had full control over telephone companies incorporated in Saskatchewan at present, and could restrain the incorporation of others. The problem lay, however, with overlapping legislation, and specifically "when companies organized under Dominion Charter or Statute seek to enter the field, or where the railway companies should decide to carry on a commercial telephone business, provided they have the authority to do so." That was a matter for the Board of Railway Commissioners, which had been established in 1903 to ensure that control of telephone and telegraph systems—in common with railways and other interprovincial works—would be "a subject for legislation by the Dominion." Because telephone transmission had expanded beyond provincial boundaries, the question arose: Did it fall under provincial or federal jurisdiction? The framers of the BNA Act, who knew nothing of telephones, certainly could not have foreseen this problem when defining the separation of powers in Canada's constitution. Still, in cases where legislation overlapped and jurisdiction was unclear, "the Dominion ... must prevail."[77]

So long as the development of Saskatchewan's government-owned system had remained entirely within provincial boundaries, the department had enjoyed sole control of telephone communications. But, warned Blackwood, owing to its long-distance connections to Alberta and Manitoba, with whose governments "undertakings" had been signed, Ottawa's decision on radiobroadcasting applied to telephones, as well. This meant, in effect, that Saskatchewan controlled its plant only until

> *such time as the Dominion Government may deem it advisable to enact legislation respecting Telephone Communication; until such time as telephone works and undertakings, though wholly situate within the province may be declared by the Parliament of Canada to be for the general advantage of Canada or for the advantage of two or more provinces; or until the Dominion shall enter into a treaty or convention with a foreign country or other Dominions in the Empire regarding telephone communication, which could necessitate the Dominion taking complete control of telephone lines throughout the Dominion.*[78]

The various protests from the West were of no avail, however. In late June 1933, the CRBC decisively decreed that radio broadcasting would be carried over the facilities of the railway telegraph companies. The opposition helped to produce one change, at least, though whether for good or ill only time would tell. The Dominion-owned company originally founded under the aegis of the CRBC was replaced in June 1936 by the Canadian Broadcasting Corporation.[78] The essential problem was that the radio commission established four years before was too dependent on the federal government, while its financial provisions were so limited that a national broadcasting network was only partially constituted. "Local private stations," notes Margaret Prang, "were therefore allowed to proliferate to an extent unforeseen ... by the Aird commission" or the CRBC.[79]

The Act creating the new CBC incorporated features advocated by various critics, notably the appointment of a general manager, in order to give the publicly funded enterprise greater control over the determination of policy and the day-to-day operation of the system. The legislation also reflected the important distinction that the federal enterprise would be a public, rather than a state broadcaster – government controlled, to be sure; but including a blend of private and public ownership, with the promise of universal access and concern for quality (not country of origin) as the main criterion for broadcasting programs.[80] Otherwise, it remained unchanged in its essentials until after the Second World War and the advent of television, which "dramatically challenged the ability of the federal government to control broadcasting."[81]

The controversy over radio-broadcasting and its appropriate carrier had been decided, for the moment, in favour of the railways over the Trans-Canada Telephone System and its member companies. Yet Ottawa's action did little or nothing to resolve the complex and sometimes antagonistic relationship between the two sides in the quarrel, who, like it or not, occasionally needed to work with each other. This, in turn, made individual provinces like Saskatchewan very keen to resist any perceived infringement of their control over telephones and telephone development within their own jurisdictions, even at the expense of the transcontinental network. Thus at Regina in 1963, specific questions arose as to the authority of each partner in the Trans-Canada system "to bind their respective principles to proposals such as the leasing of circuits from railway companies as well as other matters."[82] At issue here was a "particular project" to lease 60 telegraph circuits from the railways between Winnipeg and Vancouver, in order "to obtain the desired diversification [of service] as well as to take care of the increasing local problems on the existing circuits without a substantial capital expenditure at this time."[83]

As *de facto* head of the transcontinental partnership, the Bell Telephone Company acted as chief agent in the subsequent negotiations with the CPR and CNR for a special rate. Under the agreement, rental charges for the lines were to become part of the total costs of the Trans-Canada system, which would be allocated, as usual, among the various member companies. Skeptical of these discussions and their potential consequences for the sanctity of provincial jurisdiction, Saskatchewan's telephone officials were authorized to reconsider this arrangement, and especially of entering into "such proposals and agreements as are from time to time negotiated by the Management Committee" of the transcontinental partnership. Of particular concern was the matter of leased-line service, both to customers on a nation-wide or inter-provincial basis and to other communication companies. Also at issue were more general questions relating to the integration, coordination, maintenance and operation of the Trans-Canada system. The decision was reached, finally, that any agreement involving a major break from accepted policy or unbudgeted capital expenditure, required official approval from the provincial telephone authorities.[84] The message was clear: Saskatchewan would remain master of its own plant.

TELEPHONE DEVELOPMENT UNDER THE LIBERALS TO 1944

With its election in 1934, the Liberal government of James Gardiner inherited Saskatchewan's portion of the Trans-Canada Telephone System. Yet it also inherited the devastating effects of the Great Depression, by now deeply entrenched, which the Anderson régime had been helpless to contain, let alone reverse. For the next five years, the Liberal administration could do little else than weather the continuing economic storm until, by 1939, it began to subside and conditions improve gradually. The real turning point came the following September, however, with the outbreak of World War II. That momentous event not only coincided with the end of a decade of low prices and punishing drought that had brought Saskatchewan and its prairie neighbours to the brink of bankruptcy; it also accelerated the process of recovery in the West and the nation as a whole, as Canada's economy reorganized everywhere at once to meet the heavy demands of the new global conflict. As John Archer observes, the outbreak of hostilities directly affected Saskatchewan agriculture. To be sure, nature played its part; the weather cooperated and the rains fell. But prices and yields were just one aspect of the industry:

> *Wartime labour shortages heightened the need and the demand for more farm machinery, yet farm implement manufacturers were increasingly engaged in the production of war materials. Efforts to diversify farming and to increase production of beef, bacon and eggs meant a turn to a more labour-intensive type of farming, while rising prices for wheat attracted producers who had the machinery to handle larger wheat acreage....As the war went on and manpower became scarcer, youngsters and oldsters took up the slack, doing their part until "the boys came home again."*[85]

For all intents and purposes, the new crisis produced a return to conditions that had prevailed during World War I, when the dearth of labour and materials due to military need overseas had interrupted the expansion of civilian services.

The experience was the same in Saskatchewan, where the Department of Telephones struggled between 1940 and 1945 to answer the demands of Canada's war effort, on the one hand, and yet supply the civilian population with the service it wanted, on the other. In the event, the military emergency took precedence. Those portions of the provincial plant not directly associated with it, including the rural systems, were either maintained at minimal standards as time and resources permitted, or allowed to languish owing to the lack of money and material with which to sustain them. There was some expansion of the government-owned network, nevertheless. Indeed, the department reported steady, even substantial, growth in both the number of subscribers and revenues collected from long-distance toll charges during these years. From 1940–45, the net increase of telephones installed in department exchanges exceeded 11,500, representing an average yearly gain of 2,300 local subscribers. This was "the largest increase in any consecutive period of five years in the Department's history, since the early period during which the system was being built."[86] Though slower to grow than the provincial plant, the number of rural subscribers also climbed by 5,397, or an average of 899 per year.[87]

Over the same period, long-distance traffic rose steadily until, by April 1945, the number of completed messages was 57 percent higher than in 1940.[88] The revenues collected from toll charges multiplied accordingly, by as much as eight or ten percent *per annum*. This enabled the department to augment its yearly provision for depreciation of both plant and buildings, and to reduce the accumulated debt until, by 1943, it was retired altogether.[89] The increase of revenue similarly permitted the establishment of an additional reserve of $250,000 in 1944 "for post-war contingencies."[90] Yet so heavy was the growth of toll business in the meantime that telephone employee's were "hard-pressed to handle the continual increase ... and their achievement in this respect merits sincere appreciation."[91]

Impressive as this record was on the surface in view of prevailing circumstances, much of it was also artificial. As Deputy Minister W.H. Warren confessed in the *Annual Report* for 1944–45, a considerable portion of these gains "resulted, directly or indirectly, from military business."[92] The problem, of course, was that wartime conditions interrupted the operation of civilian services. In 1941, for example, increasing demands on manufacturers of telephone equipment forced the department to cancel all planned extensions of the provincial system for the following construction season.[93] This situation persisted the next year, when the availability of resources for civilian programs virtually evaporated as a result of decisions at Ottawa. "With the object of curtailing the non-essential use of material urgently needed for the purposes of war," explained the department's *Annual Report*, "the Wartime Prices and Trade Board issued an order which became effective on April 1, 1942, restricting the amount of material which may be used in providing exchange service to new applications or existing subscribers at new locations."[94] The reason for this measure was simple: modern warfare required huge quantities of metals and other materials that were used in the telephone industry. A single machine gun, for example, fired the equivalent of 1.5 miles of copper wire in four minutes![95] With not enough material to go around, services essential to the war effort were given top priority.

Yet even had sufficient material been available for civilian use, the Department of Telephones lacked the personnel to install it. Because so many younger members of its workforce had joined the armed forces, the burden of meeting the needs of Canada's military, while at the same time trying to maintain the public system, fell upon the shoulders of the remaining employees. Consisting mainly of older men or those declared medically unfit for service overseas, they were required to work much longer days, but without any additional remuneration. In fact, notes Gillis McCormick, who remembers that period well, "I never got a nickel's overtime in my life!" During the war, he expains, "you did what you had to do; if you were in charge of a district, and … had to work long hours, you worked them."[96] In view, therefore, of the prevailing shortages of manpower and material, the department was simply unable to expand its public plant, let alone increase the capacity of its cable distributor or central office equipment at local exchanges. "So when the war ended," adds Frank Degenstein, another long-time telephone employee who began in 1947 as an apprentice switchman, "there would be a lot of catching up to do, and a lot of hiring was necessary to do that."[97]

Particularly hard hit were the cities of Saskatoon, Moose Jaw and Regina, which were responsible for 68 percent of the total annual increase in local subscriptions during these years. In fact, "in certain sections of these cities where all cable conductors have been put in use, new applicants for service cannot be served."[98] This problem had potential long-term repercussions, as well. "Provided the number of new applications for service in these three cities continues at the same rate … as has been experienced during this year," warned the *Annual Report* in 1943, "it may be impossible in the near future to serve any additional applicants with the exception of those whose duties are related to the war effort, public health, welfare or security."[99]

That unwelcome forecast was more accurate than perhaps even the department had anticipated, for conditions did not improve over the next twelve months. On the contrary, while the telephone requirements of all essential services throughout the province were met, 1,658 new applications for connection were not fulfilled due to wartime restrictions. That situation was likely to continue for some years to come, predicted W.H. Warren, depending upon the ability of telephone equipment manufacturers to supply the necessary apparatus, coupled with the time needed to install it. Worse still was the effect the same restrictions had on the general maintenance of the provincial system. For the renewal and reconstruction of the plant had to be curtailed, along with badly needed extension work on the exchange facilities at Saskatoon, Moose Jaw and Regina.[100] Any plans to augment existing toll-circuits also were scrapped for the moment. Hence, in many sections of Saskatchewan, the trunk lines were less than adequate to handle the escalating volume of long-distance business "without delays and inconvenience to our subscribers."[101] A final indication of the difficulties experienced by the department at all levels of its telephone operations is that the paper used for the *Annual Reports* in the last stages of the war was clearly of inferior quality, judging from the extent to which the pages have yellowed over time in contrast to earlier editions.

Yet the rural systems fared even worse; they entered, and exited, the war years in a condition of acute disrepair. One reason for this unfortunate state of affairs was the enduring effects of financial crisis that had carried over from the previous decade. Owing to the economic ravages of the Great Depression, protracted drought, low prices and successive crop failures experienced by farmers of the province prior to 1939, "many rural telephone companies found that they could not properly attend to the renewal of their plant."[102] On the contrary, large portions of some systems had been dismantled altogether.[103] At the root of the problem, of course, was the crippling accumulation of debt. As the recession deepened and cash-poor farmers had no money to pay for service, the rural concerns not only lacked the resources to maintain their lines. But having defaulted in turn on their own debenture repayments, they also lost the means to raise additional funds for that purpose. By 1934, the total liability of farmers' firms had reached $2,676,519[104]; in short, they were awash in red ink.

With the passage that year of the Drought Area Debt Adjustment legislation by the Anderson government, however, relief was at hand. Within less than a decade, of the 892 eligible companies incorporated under the Telephone Act of 1913, debt adjustment had been effected for roughly half. A few dozen more were assisted later. At the same time, farmers' firms took full advantage of the enhanced provisions of the old "special-levy" program to raise revenue from taxes on lands adjacent to their systems. Consequently, by 1943 the "approximate amount [of the whole liability] adjusted, cancelled or refunded, including indebtedness assumed by certain Rural Municipalities," was an estimated $876,057.[105] This relief continued until, toward the close of World War II, the aggregate default had been reduced to just $96,000[106]—still a substantial sum, but certainly manageable. Their financial situation had improved so much by this time, in fact, that starting in 1942 many rural companies invested part of their special-levy funds in Dominion Government Victory Loan Bonds, held in trust by the provincial Department of Telephones.[107] This was as much a patriotic gesture as it was insurance against future need.

A second reason for the dilapidated condition of rural lines during the troubled years between 1939 and 1945 was the restrictions placed by Ottawa on both material and labour due to the war. These made it impossible for the farmers' companies to undertake much-needed work on their circuits, despite improvement in their fiscal status. To be sure, the number of subscribers to these systems had grown steadily since 1939, as the Depression ended and the rural firms found their financial feet once more. But "this increase would have been larger," affirmed the department, "had the companies been in a position to obtain equipment and material" during the global conflict. "As a result of these conditions which embrace a period of, approximately, fifteen years," concluded W.H. Warren, looking back on the previous decade and a half, "many companies now find that their lines are in a serious state of disrepair." He thus encouraged them to make every effort "to renew their plant as soon as materials become available and workmen can be found to do the work."[108]

With that end in mind, the deputy minister also warned that reconstruction of the government-owned network and the rural systems after the war would require a heavy financial commitment from both the department and the province as a whole. Over the previous 13 years, he noted, it had not been necessary to resort to the provincial treasury for extra funding to finance capital costs. "During the early part of this period," Warren explained, "there was very little capital expenditure" owing to the Depression; in more recent years, by contrast, "the increase in revenue has made it possible for the Department to finance construction costs from depreciation reserves." But how long could this continue? The accumulation of capital expenditure financed just within the past half decade had already exceeded $1 million. Although he fully expected that the department could fund its capital costs for another 12 months, "heavy expenditures in both renewal and extension of plant over the next five years' period," he predicted, "in all probability will make it necessary ... to call upon the Provincial Treasury" for additional money."[108] Handling that problem was left, however, to the new CCF government of Baptist minister-turned-politician T.C. "Tommy" Douglas (1904–86), elected on 15 June 1944.

CHAPTER ELEVEN

FROM DEPARTMENT TO CROWN CORPORATION, 1944–1964

REFLECTING ON THE RESULTS OF THE 1944 PROVINCIAL VOTE, in which the CCF captured 47 seats compared to five for the Liberals, historian John Archer writes that the CCF "did not come to power because of a depression but rather they rode the crest of rising expectations, for the war had brought a more prosperous economy." No less key to the party's electoral success was its emphasis on post-war plans, coupled with a platform of concrete programs "intended to restore security to people and to the economic system" after years of depression, privation and wartime restriction.[1] The CCF commanded other advantages, too, including: a strong provincial organization that reached down to the grassroots level; an effective party newspaper, the *Saskatchewan Commonwealth*, to disseminate information; and a leader of experience and popular appeal, noted for his oratorical skill and ability to move people to see his vision of "humanity first." Tommy Douglas was, notes Archer, "a crusader for reform rather than for narrow socialist doctrine," who attracted followers to the party by "voicing the unspoken hopes and aspirations of the ordinary citizen."[2]

Probably the CCF's greatest advantage lay, however, in its blueprint for social and economic reorganization, which struck a loud chord with farming and labour interests across the province. This was unveiled in 1933 at the party's first national convention.[3] On that date, the membership adopted the frankly socialist "Regina Manifesto," named for the Saskatchewan capital where the meeting was held. This statement of policy not only extolled the benefits of public ownership, but assigned to government enterprise at every level the pivotal role in the "establishment of a planned system of social economy for production, distribution and exchange of all goods and services."[4] It called specifically for state ownership, the eradication of capitalism and the institution of a full program of centralized planning, according to which the regulating principle would be "the supplying of human needs and not the making of profits." Declared the "Regina Manifesto":

> *We aim to replace the present capitalist system, with its inherent injustice and inhumanity, by a social order from which the domination and*

> *exploitation of one class by another will be eliminated, in which economic planning will supercede unregulated private enterprise and competition, and in which genuine democratic self-government based upon economic equality will be possible... . What we seek is a proper collective organization of our economic resources such as will make possible a much greater degree of leisure and a much richer individual life for every citizen... . Public utilities [in particular] must be operated for the public benefit and not for the private profit of a small group of owners or financial manipulators. Our natural resources must be developed by the same methods... . Only in a regime of public ownership and operation will the full benefits accruing from centralized control and mass production be passed on to the consuming public.*[5]

As the highest expression to date of the government-ownership principle, the "Regina Manifesto" set the ideological framework observed by the Canadian Left for the next quarter century. At its core was the powerful contention that political democracy was meaningless without economic democracy.[6]

The promise of change given by the CCF in 1944 had particular resonance among Saskatchewan farmers. They remembered selling what crops they had managed to harvest during the Dirty Thirties "mostly in small lots, for a carload shipment would excite comment and perhaps invoke a seizure order from the bank, the implement agent or the mortgage company."[7] These were the very institutions condemned by the "Regina Manifesto" in what one recent author calls its "almost biblical denunciation of capitalism."[8] Nor did matters improve much in 1939, or even after the bumper crop three years later. On the contrary, there was so much discontent over low wheat prices that in February 1942 more than 400 Saskatchewan farmers—supported by the provincial Wheat Pool—carried a petition of 185,000 signatures to Ottawa, requesting "the principle of parity of prices for all agricultural products basis the 1926–1929 price level."[9]

Meanwhile, the Liberal government at Regina appeared unwilling to help, as W.J. Patterson rejected the CCF's appeals for absolute protection for the farmer against foreclosure on his land. Indeed, the premier was so determined to maintain Saskatchewan's credit rating abroad, that the "traditionally benevolent relationship between the Liberal Party and farmer associations" swiftly eroded at home.[10] Thus the greatest surprise of the 1944 vote, writes John Archer, was not the socialist victory but the extent of the Liberal defeat. The party plummeted from a commanding majority of 38 MLAs to just five, while the CCF rode to office with 47 seats. It had campaigned on a platform tailor-made to satisfy the desire of Saskatchewan residents for meaningful action, especially with regard to the maintenance of the family farm, the introduction of welfare measures that "did not curtail freedom to make a good living" from the land, and the improvement of education and health care.[11] The party also envisaged a far larger role for both labour unions and government enterprise in the post-war provincial economy than either had played before. This policy would have immediate implications for the future direction of the telephone department with regard to its organization and personnel.

Now established in power, the party officially advocated direct government intervention in the economy not just as "an important means of providing services to the public at cost," but also

> *of obtaining revenues from provincial resources that could then be used for the public welfare. In other words, social ownership as a policy would help to achieve the CCF's objectives of equality and justice.*[12]

As it transpired, Crown corporations were to be the favoured means to that socialist end. Already in its campaign literature, the party had announced its intention to use the earnings of public companies, such as the telephone utility, "to provide social, educational, and other essential services."[13] This policy was readily acceptable to the general public, since the new ventures under proposal "would be subject to control by elected members,"[14] but without surrendering the entire economy to government hands. Though for ideological reasons the CCF favoured direct state control, for practical reasons it accepted a wide range of private enterprise.[15]

So did party leader Tommy Douglas. Like other Depression-era socialists, he believed fervently in the possibilities of the centrally planned state.[16] Yet Douglas also recognized that both the private and public sectors of the economy had to represent at least 25 percent of the total to counterbalance the big monopolies. These, he argued, "can only throttle the economy when they have ninety or a hundred percent of the control." Monopolies had to be compelled by competition, therefore, "to keep their prices down and not to exploit the public." Hence, he advocated "a mixed economy of public ownership, co-operative ownership and private ownership,"[17] which was directed toward planning "in place of ad hockery, toward more ... government services, and ... toward tighter control and a great diversion of wealth through royalties and taxes into the public purse."[18]

CROWN CORPORATIONS: A CORNERSTONE OF CCF POLICY

The new cabinet assumed office in July 1944, with Tommy Douglas as premier and Minister of Health, and C.C. Williams as Minister both of Telephones and Labour. After a brief period of transition that normally follows the replacement of one ministry by another, Douglas called a session of the Legislature in October to begin translating the CCF's platform promises into law. In fact, although the party remained in office until 1964, "virtually all of its major initiatives were launched in the first term," and most of those in the first two years.[19] In rapid succession, the new administration passed a series of Acts intended to broaden Saskatchewan's social net, by expanding the health-care system, improving the status of labour, ensuring farm security and enhancing access to education. Similar legislation allowed the government greater power to acquire land or works, and to purchase, sell or use any natural resources.[20]

Part of the aim here was to develop industries based on the province's "naturally occurring products" (e.g., timber, leather, fish and fur) in order to variegate and broaden an economy that was the most dependent on agriculture of the three prairie provinces.[21] "Faced with the requirements of post-war reconstruction and an economy with little industrial production," the CCF viewed government enterprise as a "positive tool" for economic diversification.[22] As Provincial Treasurer C.M. Fines explained in his budget speech of 2 March 1947, "in a province so highly devoted to a specialized form of agriculture, a very real duty rests upon the Government to promote the greatest possible diversification of the economy, thus mitigating the perils of relying too greatly on a single source of income."[23] Clearly, the lessons of the Great Depression had not been lost on the new administration.

There was a powerful social thrust to the CCF's economic thinking, as well. When asked why he had chosen Crown corporations as the vehicle for his government's fiscal program, Tommy Douglas gave three straightforward reasons: "One was to process our primary products, the second was to create employment, and the third was to raise the wealth production of the province, and consequently the provincial revenue."[24] To this list C.M. Fines added a fourth. "It was the responsibility of any government," he asserted, "to see that its citizens are able to obtain goods and services on an adequate scale, and to obtain them at a cost which does not involve exploitation."[25] Already there was strong sentiment throughout Saskatchewan in favour of social ownership of transportation and public utilities "such as power, telephones and insurance."[26] So in this respect, the party was responding to the desires of ordinary citizens as much as it was to the dictates of its own philosophy. Also by "going into business" for itself, the new government could finance its program of social services.[27] Indeed, the unique presence of "the concerted will toward public action that would benefit all" was a profoundly socialist principle, and Tommy Douglas was its ideal exponent.[28]

Not until the spring session of 1945, however, and the passage of an "Act respecting the Creation of Corporations for Certain Purposes,"[29] were the CCF's intentions with regard to Crown corporations made clear. The legislation provided a broad legal basis for the government "to operate any designated industrial or commercial enterprise or undertaking, the operation of which on behalf of the province is deemed advisable for the public good." It also gave the government enormous power to expropriate "any land, or any works used in the operation of any industrial or commercial enterprise or undertaking carried on in Saskatchewan" that were considered to be "necessary for the operation of any business operated or to be operated by a corporation constituted or to be constituted under the authority of this Act." That power to nationalize industry—certainly the most contentious clause of the new legislation—was later rescinded in 1956, when the party replaced the "Regina Manifesto" with the "Winnipeg Declaration of Principles." This more moderate statement of socialist policy accorded greater emphasis to "public, private and cooperative enterprise working together," with respect to ownership of industry.[30]

Crown corporations, or their equivalent, had been a regular feature of Saskatchewan's economic landscape ever since the formation of the province in 1905. Hampered by its hinterland status, Saskatchewan's wheat-based economy was controlled largely from eastern Canada, where the banks, railways and farm implement manufacturers had their corporate headquarters. Prices for crops also were determined not by prairie farmers, but by international markets. Meanwhile, the province had been desperate for such modern essentials as electricity and telephones. But private enterprise had showed no interest in, or willingness to, invest in utilities for a small and predominantly rural population from which any profits were likely to be minimal for many years.[31]

It thus had fallen on government shoulders to provide these services. Shortly after its foundation, the province's first public enterprises were created to help farmers diversify their operations and market their produce. These had included hail insurance and creameries, followed by agricultural credit, liquor, power and telephones. The approach was pragmatic, with Regina acting—sometimes reluctantly—as the need arose.[32] Although established as boards, commissions or full-fledged departments depending upon their size and importance, these concerns had enjoyed many of the powers and freedoms later accorded to Crown corporations. That flexibility had allowed successive administrations to use them effectively to achieve a range of economic and social objectives.[33] The Crowns that developed from these initial forays into public ownership were no different. They, too, were examples of the state's effort to overcome the limits of geography and demography through the organization of public involvement in economic development.[34]

Hence, the idea of Crown corporations was not the brainchild of Tommy Douglas and the new CCF government in 1944. But it was an idea to which the premier and his party "added new levels of sophistication."[35] In their hands, the Crowns became the policy instrument used to "oversee the marketplace's failure to meet the needs of Saskatchewan's residents," and at the same time "realize the possibilities inherent in the province's resources."[36] Also by this means, the government gained more control over decisions that affected the provincial economy than any of its predecessors had enjoyed. For in addition to administrative flexibility, Crown corporations lent themselves to central direction and control. Furthermore, notes Dufferin Spafford with specific regard to the telephone system, they "satisfied a predilection for expert boards of management and a distrust of [conventional] departmental administration."[37] The "Regina Manifesto" had affirmed, after all, that the direction of publicly owned ventures should

> *be vested in boards who will be appointed for their competence in the industry and will conduct each particular enterprise on efficient, economic lines. The machinery of management may well vary from industry to industry, but the rigidity of Civil Service rules should be avoided and likewise the evils of the patronage system as exemplified in so many departments of the Government today.*[38]

The important role assigned by the CCF to public enterprise in Saskatchewan created a need, however, for unique mechanisms of administration and control. Hence, the original Crown Corporation Act of 1945 was replaced with a second one two years later.[39] The new legislation, which embodied "the Government's matured conception of centralized supervision and control of publicly-owned enterprises," provided a comprehensive legislative basis for the Crowns and their broadly defined powers.[40] As corporations, they were vested not only with perpetual succession and a common seal, but also with the capacity to contract, sue and be sued in their corporate name. They were likewise empowered to hire "such officers and other employees" as deemed necessary to the conduct of operations, and to determine the respective duties, powers, conditions of employment and remuneration of their personnel, "notwithstanding *The Public Service Act* or any other statute or law." The Crowns were expected, in short, to operate as regular business enterprises, but with one major difference. All holdings owned and profits earned by them were "for all purposes, including taxation of whatever nature and description," deemed to be the property of Saskatchewan.[11]

Two complementary principles guided this socialist experiment in centralized administration, while also removing any possibility for independent corporate action. First, the CCF held that ministerial responsibility must prevail in the public corporations as elsewhere in government. Accordingly, the revised statute stipulated that Crowns were to report to the appropriate minister who, appointed as chairman of the Board for a particular corporation, would have an active role in its planning and control. His function, in other words, was neither nominal nor ceremonial. Direct ministerial responsibility issued from the fact that the Crowns were a major, even controversial part of the government's new programming, and specifically its intention to use public enterprise to meet policy objectives.[12] The minister needed real authority, therefore, to fulfil this purpose. Otherwise, the Board's management role paralleled that of private firms, with the usual internal structure for the industry in which its corporation operated.[13]

The second principle behind the 1947 legislation was the CCF's belief that government activities "must operate as a whole, so that each agency was part of a total organization directed toward a total concept of government responsibilities."[14] For that reason, two additional sections were attached to the new Act. One established the Government Finance Office (renamed the Crown Investments Corporation in 1978) as a liaison between the Crowns and the cabinet. It was to supervise the corporations on the government's behalf, while remaining fully conversant with, and sympathetic to, the daily business problems of the various enterprises. Designed especially to coordinate the control and general overview of the Crowns under cabinet direction, the GFO was given particular responsibility for financial appropriations related to, as well as approval of, corporate budgets. This included capital expansion and investment. It also was authorized to devise regulations, approve rates of depreciation and reserves, and lend accounting, clerical and technical aid to the various public enterprises.[15]

The intention here was to distinguish the functions of operations and administration, which were properly under corporate control, from those of policy and planning, which were retained under cabinet control.[16] This arrangement effectively made the GFO a cabinet committee, since its own directors were mostly ministers who chaired the various Crowns.[17] But that, in turn, placed the Boards of individual corporations in what political scientist Evelyn Eager describes as "a curiously ambiguous position" in relation to the administrative structure. With the cabinet as the effective executive body, "the directors were cast in the dual role of advisers and boards of management," yet without the final word in matters pertaining either to policy (which stayed with the cabinet) or to direction (which lay with corporate operations).[18] In that sense, the Crowns were merely "branches of a government industrial organization coordinated and overseen by the GFO, and subject to the general direction of the Cabinet on broad policy issues."[19] Another peculiarity of the system was that despite its prominent role, the GFO had difficulty asserting its authority over policy direction. Because it, too, was created as a Crown, the other corporations easily bypassed it to appeal directly to cabinet through their respective minister-chairmen. Hence, the only real control exerted by the GFO was financial, since it functioned ultimately as a central holdings company for the Crowns. In that capacity, the GFO was voted funds by the Legislature and, in turn, made loans and advances to the operating corporations. All surpluses returned via the same route for reinvestment or repayment to the government as dividends.[50]

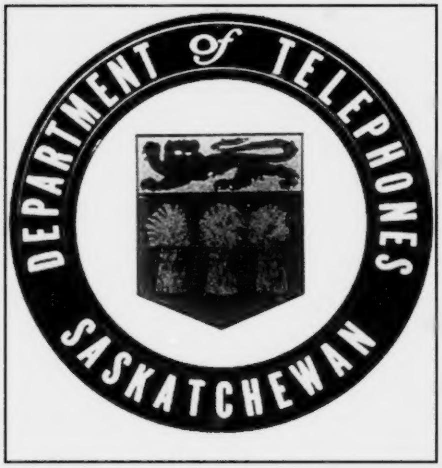
The other section added to the 1947 Act created an Industrial Development Fund designed to attract private investment for Crown corporations "by way of loan upon the credit of the province." For that purpose, the government was empowered to issue interest-bearing bonds, debentures, treasury bills or other securities. The goal here was "to encourage the establishment and development of industrial plants and projects and financial and commercial enterprises and undertakings in Saskatchewan, by cooperative associations and other bodies of a cooperative nature, private persons, firms, corporations and municipalities."[51] This initiative clearly reflected the new premier's vision of a mixed economy.

THE DEPARTMENT TRANSFORMED

Nine Crown corporations sprouted quickly after the CCF passed the successive Acts of 1945 and 1947.[52] By 1964, after some reorganization and consolidation, this number had increased to 14. Because several of these ventures were related to specific circumstances at the end of World War II, they were intended to last only a few years and were eventually phased out. Others, however, were central to the general objectives of the CCF government, and thus were established on more permanent foundations.[53] Hence, it was not long before the Douglas administration turned its attention to the telephone utility, which, together with power, was the most conspicuous public enterprise owned by the province.[54] Moreover, it was "the first of the commercial enterprises inherited by the CCF government to be reconstituted according to the new policy of centralized control."[55]

Recognizing the need to improve the telecommunications infrastructure after years of unintentional neglect and to respond to ever-increasing demands for service, the cabinet restructured the operating functions of the department in 1947 in accordance with the Crown Corporations Act just passed. On 9 May, all responsibility for the provincial plant was transferred officially to Saskatchewan Government Telephones (SGT) by order-in-council.[56] A second order-in-council, dated 20 May, placed SGT under the jurisdiction of the GFO.[57] This step was taken in order to separate the commercial functions from the regulatory functions of the original department.[58] To that end, the new Crown was accorded sole jurisdiction "over the ownership, construction, maintenance, operation, management, and control of the public telephone system on behalf of ... the Province of Saskatchewan, under Section 24 of the Department of Telephones and Telegraph Act" of 1940.[59] Similar legislation gave the cabinet permission to reconstitute the Saskatchewan Power Commission as a Crown corporation, although it was not enforced until 1949.

Effective on 1 June all real and personal property of the publicly owned plant—"without further deed or act"—would transfer from the old



SaskTel Archives
Department of Telephones emblem.

Department of Telephones to SGT. Its Head Office was to be located in Regina. "The System" (as it was known thereafter for business, advertising and legal purposes)[60] would assume all of the liabilities and obligations of the Minister of Telephones or the department with respect to the government-owned network, as well as the power to carry out "in all its branches all things necessary and incidental" to the plant's operation and maintenance. The seal of the new corporation was to consist of the words "Saskatchewan Government Telephones," encircling the provincial crest. The use of this emblem on documents that required it was to be authorized on the signatures of the corporate chairman, vice-chairman, any director, the general manager or the secretary.[61] The five-man Board (or Executive Council as it was also called) was to meet at least once every two months, with C.C. Williams presiding. The new corporation was thus responsible to him as both Minister of Telephones and its designated chairman.[62] The other Board members included I.C. Nollet (Minister of Agriculture and vice-chairman), G.W. Cadbury (chairman of the Economic Advisory and Planning Board), D.H.F. Black (Deputy Industrial Executive) and J.A. Young (Deputy Provincial Secretary). Young also served as the Executive's liaison on day-to-day business matters with S.R. Muirhead, the Deputy Minister of Telephones and General Manager of "The System."[63] The Board was to approve all proposed capital expenditures in excess of $5,000, confirm all appointments and promotions of employees outside the scope of union contracts, and review the financial statements of SGT's operations on a monthly basis.[64]

Although now stripped of its former powers and responsibilities, the original Department of Telephones did not disappear. It remained to perform its regulatory functions over the private and rural companies, as usual, until these local exchanges were merged with, or absorbed by, the publicly owned system during the 1970s and 1980s.[65] Even so, from 1949 to 1959 the department had only a nominal existence. It functioned as the rural branch of SGT until 1960, when it was voted an appropriation of its own.[66] As for the new corporation, among its first items of business was to reject an absurd request from the Attorney General's Office that existing legislation be amended, in order "to prevent the use of obnoxious language over telephones." "This was not a matter," the Board rightly agreed, "that should be dealt with under the Telephone Act."[67]

The reorganization of the telephone utility, explained Tommy Douglas, was "motivated solely with the idea of setting up a uniform system for all government enterprises which would make for more economical and efficient operation."[68] Not only was this view consistent with the CCF's broad ideological commitment to centralized planning and supervision, but the addition of telephones to the government's restructuring program indicated its continuing promotion of the Crown corporation mechanism as the means to specific policy ends.[69] Besides, in a very practical sense there existed a strong desire to bring this highly "separatist" agency back into the fold of general government administration.[70] Ever since its formation in 1908, notes Dufferin Spafford, the telephone enterprise had operated independently of other departments in terms both of its organization and financial structure. Even its employees were separate from the regular civil service. In addition,

> *its close relationship with the other systems in the industry through participation in the Trans-Canada Telephone System and the Telephone Association of Canada, and an implicit recognition of the Bell Company as leader of the industry, contributed to a tendency on the part of the Saskatchewan system to follow the direction taken by the industry as a whole. The technical nature of the telephone business also made for tenuous ministerial control.*[71]

In other words, given enough funds for expansion the telephone utility could function quite easily with minimal direction from the cabinet or the minister in charge. In fact, James F. Bryant had commented on this very problem back in 1930, when he complained that "Departmental officials are inclined to be rather restive under legislative and Treasury Board restrictions and regulations and possibly inclined in some cases to neglect them."[72]

The Opposition was quick to criticize the government's policy. Its objections were directed, however, "not so much at the change to corporate status as at the placing of utilities under the Government Finance Office."[73] The real aim of the 1947 legislation, the Liberals charged, was to make the profits of the telephone and power enterprises available to the GFO, in order to subsidize the losses of other ventures for the financial and political enhancement of the Crown corporations as a whole.[74] In fact, W.J. Patterson demanded a "definitive statement from the Government" as to whether it was departing from the policy inaugurated in 1908 (and reaffirmed in 1928) of providing telephones and power at cost. The public utilities should not be used, he insisted, as a source of revenue. That was the function of other Crowns, such as the Box Factory and the Fish Board. Established on a different basis to operate "as profit-making corporations, … the people have a right to expect [that], from those concerns at least, a certain measure of profit will be available."[75] But telephones and power were different. In response, Tommy Douglas offered only a vague assurance that his government had devised a plan for industrial development over the long term, and that for the next few years "the amount of money that will be ploughed back into expanding the Telephone and Power system of this province will be far in excess of any revenue which we expect to get from it."[76]

A decade later, W. Ross Thatcher (1917–71) enlarged on the Opposition's objections by raising the issue of mismanagement. During the federal election campaign of 1957, the former CCF-turned-Liberal candidate attacked the Douglas administration, which, he asserted, "usually takes some teacher or preacher or someone who knows nothing about business and puts him in charge of an enterprise." As a result, he scoffed, "the CCF can't sell nuts to chimps!"[77] Thatcher had once supported the provincial government's Crown corporation program. But he had become disillusioned when successive state enterprises failed to prosper because of mismanagement. The only money-makers, he noted, were monopolies like the telephone utility, which had been established by earlier Liberal administrations. He further objected that the CCF's use of the Crowns discouraged private investment in the province, which both stultified the economy and limited social services.[78]

As former Provincial Treasurer T.H. McLeod noted in 1959, however, the effect on the consolidated profit-and-loss statement of the newly created Crown corporations, including telephones, was "merely an incidental by-product" of the government's basic goal. That was to establish a uniform pattern for all public enterprises, according to a system of centralized planning and supervision.[79] Indeed, from the moment it took office in Regina the CCF had openly expressed its opposition to semi-autonomous operation by government agencies. This practice, announced the Speech from the Throne in autumn 1944, was to be abolished in order "to restore responsible government ... in the belief that all branches of administration must be under the direct control of the elected representatives of the people."[80] The relatively independent position of the old Telephone Department was clearly inconsistent with this view. Its transition to corporate status in 1947, complete with a Board of Directors chaired by a government minister, was thus regarded as a solution to the loose control exercised by cabinet hitherto over the operations of the telephone utility. "In this sense," writes Dufferin Spafford, "the device of public corporation was employed not to secure the independence of the enterprise—the usual case—but, at least in part, for precisely the opposite effect."[81]

Yet the Douglas government was soon compelled to abandon its position on the issue, owing partly to relentless pressure from the Opposition and partly to practical necessity. Since 1947 the Liberals had continued to stress the distinction between the utilities and the other Crowns so long as telephones and power remained under the administrative umbrella of the GFO. They further insisted upon separating the two entities from the other corporations before making any assessment of their general performance.[82] By 1951, SGT's Board of Directors had also recognized this difference, and drafted a proposal for new legislation that would govern the corporation separately from the provisions of the old Telephone and Telegraph Act of 1940.[83] Even so, the CCF had doggedly refused to acknowledge any difference in either principle or practice between a public utility and a government enterprise operating in a competitive environment. During one debate, in fact, Premier Douglas informed the Legislature that all of the corporations under the GFO were public utilities "owned by the people of Saskatchewan, not for the purpose of making a profit, but to be run in an efficient and businesslike manner with the hope, of course, that they will have surpluses that can be ploughed back into the particular industry from which [they] came."[84]

Yet however reluctantly, the government was forced at last to concede the point. Starting with the power corporation in 1950, and turning next to SGT in 1953, it reconstituted both entities under separate statutes. These effectively removed them from the jurisdiction of the Government Finance Office. To be sure, the GFO still had "access at all reasonable times to the books and records of [SGT], and may..., in its discretion, require the production of the same." But the new Saskatchewan Government Telephones Act stated explicitly that "notwithstanding anything contained" in the 1947 legislation with regard to Crown corporations, the telephone enterprise was exempt from its provisions.[85]

Otherwise, the terms of the new statute were strongly reminiscent of the original legislation that had created the department almost four decades before. While expanding upon SGT's organization and powers as a Crown corporation, they reaffirmed its control over the provincial plant. Included this time were such modern technological advances as facsimile and photograph transmission, "the provision of circuits for the transmission of radio and television programs," and the leasing of circuits for any of these purposes. SGT was empowered, as well, to expropriate any land, buildings, machinery or equipment as required — "without the consent of the owner or any person interested therein" — upon payment of just compensation according to the principle of fair replacement value. By the same token, SGT had authority over the ever-sensitive issue of right-of-way, "without the consent of the [property] owner" or permission from "any municipal council or other authority," for the usual purpose of erecting poles, stringing wire, laying cable, inspecting circuits, and maintaining lines. Any damage to property, pavement or even trees and shrubs was to be repaired, however, at SGT's expense. Disputes over levels of compensation for either expropriated land or poor repair work were to be resolved by arbitration. The telephone enterprise was further authorized to issue bonds, debentures and other securities "from time to time" to raise additional money for capital expenditure "by way of loan upon the credit of the province." Meanwhile, its holdings and profits, as property of Saskatchewan, were "exempt from taxation of whatever nature and description." Finally, just like the old Department of Telephones in 1908, SGT was required to submit an annual report of its business transactions to the Legislative Assembly no later than 15 days from the commencement of the next session.[86]

There are several possible explanations for the CCF's policy reversal in 1953 with regard to SGT. But the most plausible is the reaction of the financial institutions with which the government had frequent dealings. Conservative by nature, these agencies preferred to work within the familiar structures of departmentalized government. Besides, noted T.H. McLeod, they were immediately mistrustful of the socialist régime at Regina and "not easily reconciled to the new instrument of financial control," namely the GFO. The government thus had two choices: either conform to the standard pattern of provincial organization and thereby ease the way to large-scale borrowing, or follow its own ideology in administrative matters and thus render borrowing more difficult.[87] Future premier Allan E. Blakeney (who was secretary of the GFO in the early 1950s) further admitted that separate borrowing by both the power and telephone enterprises was incompatible with the central holding company device. Only "when these two corporations were given statutory powers to issue bonds on the security of their corporate assets on terms inconsistent with Part II of the Crown Corporations Act," he wrote, were they reorganized "under special Acts and removed from the financial jurisdiction of the Government Finance Office."[88]

In short, SGT did not fit conveniently within the structure of the GFO. "For decades," explains Dufferin Spafford, the government-owned utility

> *had operated under the loosest kind of ministerial control. Then in successive strokes it found itself under the surveillance of a board of directors and the Government Finance Office. The enterprise appears to have accommodated itself more easily to the former than to the later.*[89]

The essential problem, continues Spafford, was that the particular services offered by the central holding company were ill-suited to the telephone corporation. The latter already had inherited well-defined systems of accounting and technical facilities for the exchange of information. As well, the inclusion of telephones (and power, too) in the GFO mechanism "did the disservice of reinforcing a tendency, which was strong in any case, to overlook the difference between a government corporation operating in a competitive business setting and a public utility."[90]

The telephone enterprise thus reverted to its former semi-autonomous status, though for the next few years the CCF government continued to deny any real difference between it and the other Crowns. Together, SGT and the provincial power plant were represented by the Douglas administration as "simply universal cooperatives," whose services the people provided for themselves "cooperatively on the basis of service at cost," with the understanding that "any surpluses will be used to extend the facilities to an ever greater number of people."[91] Not until 1956 was Premier Douglas ready to concede that "power and telephones should be operated as public utilities," with rates "as close to cost as possible," and that his government did "not believe in using [them] as a means of indirect taxation" for other social programs.[92]

In the meantime, SGT continued its battle for even greater autonomy than already acquired under the 1953 Act. In 1965, for example, some Board members challenged the wisdom of certain controls and practices imposed on the corporation by the legislation, in regard to such matters as depreciation reserves. Also questioned was whether the auditor of SGT's books and accounts should be an independent party without ties to the administration at Regina, or the Auditor of Utilities employed by the government. The directors were obviously as keen to avoid potential charges of conflict of interest, as they were to increase the corporation's freedom from cabinet restraint. The decision was made on this occasion to consider these matters with a view to proposing amendments to the Act as the Executive considered desirable or necessary.[93]

ACCOUNTABILITY AND MINISTERIAL RESPONSIBILITY

Clearly, through its legislation on Crown corporations, the Douglas government sought the administrative means to ensure that the planning element of government enterprise, including telephones, was based carefully on policy decisions and directions made by cabinet.[94] The new Crowns, as conceived in theory by the CCF, were thus not intended to be independent policy-formulating entities. They were to have little control over broad planning and capital financing matters, while the presence of cabinet ministers as chairmen of their respective Boards was meant to bring an awareness of political considerations constantly to bear on other issues. In practice, however, the Crowns were highly independent operating and administrative entities in terms of their daily business transactions.[95] This was especially true of Saskatchewan Government Telephones. The Douglas administration was finally forced to emancipate it from the general Crown-corporation structure, having conceded by 1956—however reluctantly—that there was a difference between the public utility and a conventional government venture. Still, the peculiar relationship of the cabinet with the Crowns, and particularly the telephone enterprise, posed a continuing problem throughout the CCF régime. Indeed, on the eve of its defeat at the polls in 1964 after nearly 20 years in office, the party was still seeking a clear definition for, and proper understanding of, the role of the Crown corporation as an instrument of public policy.[96]

At the root of this problem was the Douglas administration's ideological commitment to economic planning, government enterprise and public monopoly in certain essential industries. To these political ends, some nationalization had occurred. At base, the CCF government wanted increased control over decisions affecting the provincial economy, and especially those sectors in which its regulating influence was constrained by the long reach of Ottawa's authority. In addition, public ownership provided a way "to remedy situations seen to result from the weakness of federal competition policy or the inadequacy of federal regulation."[97] Yet the province derived real and immediate benefit, too, from the government's use of Crown corporations for social, as well as commercial purposes. Just one year after the original legislation was passed in 1945, the new ventures generated 850 new jobs—a significant achievement in post-depression, post-war Saskatchewan.[98] Their prominence in all sectors of activity, especially public utilities, also gave the Crowns a permanent place in both the structure and function of the government and the provincial economy.[99]

Notwithstanding these accomplishments, in practical terms there were continuing problems of adjusting authority between elected ministers, on the one hand, and appointed corporate officials, on the other.[100] Dufferin Spafford joins this matter to the issue of accountability. "Responsible government," he writes,

> *requires that the Legislature be given sufficient information to allow it to determine whether an agency it created is making efficient use of public funds and whether its policies are in accord with the intentions of the Legislature. The key to the flow of information which is the foundation of accountability as a system of responsible government is the position of the minister.*[101]

In ordinary departments, continues Spafford, ministers are placed in charge of their affairs and are thus held responsible for them. The public corporation presents, however, a far more complex situation. Because it is used specifically for the purpose of allowing government enterprise a degree of autonomy, its daily administration (as opposed to general policy direction)

> *is placed in the hands of a board of directors from which cabinet ministers are in almost all cases expressly excluded. The link between the corporation and the Legislature becomes a "reporting" minister who, with the cabinet, may be responsible for the broad outlines of the policy of the corporation, but who is expected to respect the autonomy of the corporation in "day-to-day" operations.*[102]

Owing to this structure, it was by no means extraordinary for the minister in charge to plead the autonomy of a corporation when questioned about its business affairs. Indeed, a guiding principle behind the successful administration of government enterprises is that they will operate with greater efficiency if liberated from the "inflexibilities" common to departmental administration.

As the CCF saw it in 1944, the central problem in the administration of government enterprises—such as the telephone system—was that they had too *much* independence. The Douglas administration sought to resolve this by instituting "complete cabinet responsibility for the activities of the public service" through the vehicle of Crown corporations, chaired by cabinet ministers.[103] In this regard, there was no real break with the past. In fact, when the telephone enterprise transformed from departmental to corporate status in 1947, Tommy Douglas announced that the ministerial role would continue as before. "Under crown corporation control," he affirmed, the minister-designate, C.C. Williams, "would still have the same responsibility in administering the affairs of the telephones."[104] Only the degree of his responsibility intensified.

The policy of increased cabinet responsibility was tied, of course, to the CCF's recognition that the cabinet would be held accountable for the Crowns, because of their inextricable identification with the party's ideology. As Alan Blakeney acknowledged in 1953, the Douglas administration

> *did not stumble into government enterprise, all the while protesting its distaste for the whole procedure, as happened in most other Canadian jurisdictions. The establishment of Crown corporations was a major plank in the C.C.F. party's political program. Under these conditions it would have been useless for the Cabinet to endeavour to shelter behind independent corporations. The electorate clearly held the Cabinet responsible for virtually all acts of Crown corporations.*[105]

For that reason, continued the future Saskatchewan premier, the degree of autonomy allocated to the Crowns "was that which was considered by the Cabinet as likely to give the responsible minister the best opportunity to administer the operation efficiently under his personal direction."

But as contemporary analyst Herbert Balls warned at the same time, under this structure there was a potential danger that the minister, as Chairman of the Board, could enforce his personal wishes over the objections of the other directors merely by invoking the authority of his position.[106] This rarely happened, though. For one thing, notes Spafford, "it is obvious that the minister would be ill-advised to interfere in such a way as to jeopardize the performance of the corporation when he knows he will be held accountable for it."[107] Besides, his research revealed that Board decisions were reached largely by consensus—a procedure confirmed by Blakeney, who observed that "boards operate as collective units without the minister exercising disproportionate influence except on problems having an obvious political content." In such cases, the other directors generally deferred to the minister's opinion.[108] If, however, the minister responsible took an inflexible stand on a particular issue, the rest of the Board could either concur with his views or resign in protest. "The latter course," added Blakeney, "would precipitate a review of the question by the Cabinet, but unless his Cabinet colleagues disagree with him the responsible minister would have his way."[109]

Thus given the principle of accountability united to ministerial responsibility, the effectiveness of legislative control ultimately depended "on the energy and determination which members of the Legislature apply to the task of remaining informed."[110] Prior to 1947, the telephone utility was very lightly supervised in this regard. Its activities had been scrutinized theoretically since 1908 by the Standing Select Committee on Public Accounts and Printing, established two years before. Yet not until 1910-11 had this body begun to report regularly to the Legislature, while starting only in 1928 had its presentation included a general statement as to the current condition of the telephone accounts. To be sure, in 1918 another Select Standing Committee was created specifically to oversee railways, telephones and telegraphs. But it delivered only one report prior to being dissolved in 1953. Legislative supervision was just as relaxed. During the telephone plant's first years in operation, it had attracted considerable attention from the House. That had waned quickly, however, after the broad outlines of policy were established and the utility ceased to be a key political issue. Interest in the telephone enterprise as a whole (as opposed to its merely fiscal operations) revived only in 1947, when it was reorganized as a Crown corporation. At that point, it came under the jurisdiction of the Select Committee on Crown Corporations created the previous year.[111]

Authorized to inquire into all matters referred to it by the Legislature, "with power to send for persons, papers and records, and to examine witnesses under oath,"[112] the committee was formed in response to demands by many MLAs—especially in the Opposition—for public scrutiny of the Crowns. It was to operate something like a Public Accounts Committee, even though it was chaired by a government member, and its scope was confined initially to corporate transactions over the preceding year. In that respect, its principal function was to examine the annual reports and financial statements of the various corporations, including SGT. But difficulties soon arose. One was the problem of obtaining up-to-date information, due to persistent delays in the preparation of year-end reports. Another was the opportunity afforded by the committee for members of the House "to air criticisms of the corporations, relating to both past and present operations."[113] Under these circumstances, the Legislature faced a continuous struggle to contain its terms of reference.

Then in 1949 the committee applied for and was granted greater scope to investigate both current and past activities of the corporations for that year's session, if only to acquaint new MLAs with the operations of the Crowns.[114] But when these privileges were extended into the next session, too, new difficulties presented themselves. As Clerk of the Legislative Assembly, George Stephen, noted in 1950, ministers balked at committing themselves on questions covering the entire history of their corporations, while many inquiries were "parried rather than answered." Sometimes, responses were deferred indefinitely. Nor did it help matters that some legislators regarded certain aspects of the committee's activities "as an encroachment on the rights of the House itself."[115] Finally, a solution was reached the following year. In 1951, full powers of scrutiny, subject to the considerations of public interest, were accorded to the Select Standing Committee on Crown Corporations with respect to its charge.[116] According to Spafford, this alteration made SGT more accountable for its operations. From that perspective alone, he writes, "one of the most fortunate consequences of the change to corporate status on the part of the telephone utility was its inclusion within the jurisdiction of the committee."[117]

POST-WAR RENEWAL AND EXPANSION OF THE PUBLIC PLANT, 1945–1964

Whether CCF policy or the post-war boom had greater impact on the extraordinary pace of telephone development in Saskatchewan after 1945 is impossible to determine. More likely, it was a combination of the two. Yet the fact remains that while the new socialist administration worked out its program for economic restructuring in the early days of its mandate and shaped its Crown corporation legislation, reconstruction work on, and further development of, the provincial system had not been forgotten. The end of the war did not bring immediate relief, however, to what had been a very traumatic decade and a half for the Department of Telephones. On the contrary, wartime shortages of construction materials, in particular, still prevailed for some time afterward, impeding progress. "In the Department's annual reports of the last five years," noted Deputy Minister Walter Warren in 1946, continuous reference "has been made to the difficulty in obtaining telephone material and equipment."[118] Consequently, there had been "little improvement with respect to this problem during the [past] year and as a result there is a heavy backlog of work to be performed in renewing existing plant and augmenting exchange and toll line facilities." Indeed, he continued:

> *Inability to obtain much needed apparatus and material has made it impossible to augment the already overloaded equipment. The cable distribution has also become so seriously congested that in many sections of our cities and towns further telephone installations cannot be made until outside plant capacity is increased… . [Hence,] it has been impossible to meet the demand in so far as applications for exchange service are concerned and there are many applications for service on the waiting list.*[119]

Adding to the department's headaches was that much of the equipment currently in use by the rural companies was archaic and deteriorating rapidly, with the Depression and World War II both conspiring to prevent the repair and renewal of farmers' systems. A high turnover of operator staff further complicated matters as scores of single young women left public employment to marry veterans returning from action overseas. There were two consolations, at least: the ever-louder demand for telephone service was clear evidence of an economy on the rebound thanks to wartime productivity; and the end of armed conflict produced a sudden surge of available manpower for telephone work, which could be tapped for repair of old lines and construction of new ones. Labour conditions in the field became easier, at the same time, as the department acquired digging machines for setting poles and generally became more motorized after 1946. Hitherto, only construction crews had been provided with trucks, owing to the heavy nature of their labour. Districtmen, in contrast, had travelled via train from town to town, hauling by hand their bulky toolkits, telephone sets and anything else needed for their job. "I often look back," laughs Gillis McCormick, "and wonder how the heck that ever worked."[120] The steady acquisition of department-owned motor vehicles after the Second World War, many of which were army surplus, thus eased their task and made them more efficient, by permitting districtmen to handle more service calls over wider territory in the same amount of time as before.

Also in his report for 1946 Warren was able to identify a number of important accomplishments over the previous year, despite continuing shortages. Not the least of these was the rapidly growing number of subscribers to both the provincial and rural systems, representing "the largest annual increase recorded during the last twenty-five years."[121] In 1945, 87,000 telephones were connected to department exchanges; by the end of the next fiscal year, that figure had jumped to 91,624. When local and rural connections to non-departmental exchanges were added, the total number of telephones operating in Saskatchewan in 1946 swelled to an impressive 103,385. Compared with a current population of 880,665,[122] this meant there was one telephone for every 8.5 residents of the province—one of the best ratios in the country. In addition, the construction of 619 pole-miles of line, combined with "derived circuits," provided another 2,226 miles of circuit to the government-owned plant. (This included the extension of long-distance service west from Bromhead to the towns of Hoffer, Ratcliffe, Beaubier, Lake Alma and Gladmar.) "While full use was made of these additional lines in carrying the heavy volume of toll messages," which amounted to 4.1 million long-distance calls in 1946—a new provincial record—facilities were frequently overloaded. This created "operational difficulties and, in some cases, long delays." Even so, noted the Deputy Minister, when one took into consideration the on-going difficulties of obtaining construction materials, "the progress made in increasing the number of telephones is encouraging." He then concluded his report on the positive note that plans had been completed with respect "to a considerable number of projects, work on which will be started when materials are made available."[123]

Twelve months later, S.R. Muirhead (Warren's successor as Deputy Minister and General Manager of the newly incorporated SGT) was still waiting for that to occur. The problem of obtaining sufficient quantities of equipment and construction materials from telephone suppliers continued, Muirhead complained, "as a result of which we have not been able to complete the installation of much needed exchange distribution cable and central office equipment in several cities and towns of the province."[124] Nor was the situation likely to ease anytime soon, given the high demand for these supplies across the country. To be sure, large shipments of wire, apparatus and other equipment had been ordered, "the receipt of which, when installed, would relieve the congestion currently experienced at the larger exchanges." But already at the close of 1946, there were 6,312 unfulfilled applications for service registered on the department's waiting list due to the lack of facilities. More names were being added daily.

That figure grew by 1,427 in 1947, despite the fact that between 31 March and 31 December the public telephone system had increased its subscribership by 2,743 new customers.[125] Worse still, many applicants had been waiting for a very long time for service with little relief in sight. For in addition to much-needed renewal and reconstruction work, which was hampered by the ongoing shortage of supplies, "a combination of past depression, drought and war had created many problems requiring early consideration."[126] The department had other priorities, as well. One of these was increased construction of new homes across the province, prompted by the growing postwar boom. This had made it necessary to increase the cable distribution from the exchanges to serve prospective subscribers wherever extensive building projects were undertaken. As a result, those still languishing on the service waiting list would have to wait a little longer. Yet the *Annual Report* hastened to add that these problems were not unique to Saskatchewan; the same difficulties plagued all telephone systems in North America at the time. Just the combined order lists of the seven major telephone systems in Canada alone showed a total of 152,316 applicants still awaiting connection to local and long-distance lines as of 31 December 1947.[127]

On the positive side, the engineering required to provide the badly needed additional facilities was "well on the way towards completion and the delivery of certain key materials will make it possible ... to meet the heavy demand which has been placed on the Department for telephone service."[128] A clear indication of that demand was an increase of 40,065 completed long-distance calls above the 1946 total, which generated $57,000 in additional income. In fact, toll revenue earned during the 1946–47 fiscal year had risen by 92 percent since 1940–41. But owing to the still chronic inadequacy of lines and lack of equipment, long-distance telephone users continued to be "greatly inconvenienced by the long delays in message completions during the busy periods of the day." Already during the past few years, over $2.5 million of the department's reserve account had been absorbed in financing various capital expenditures, long-distance in particular. Of that amount, $878,314 had been spent during 1946–47 alone, over and above general maintenance costs. But, warned S.J. Muirhead, heavy capital expenditures would be required for the foreseeable future to expand the provincial system in response to escalating demand. Renewal and reconstruction costs were also likely to be heavier than at any time in the past.[129] His predictions soon came true. During the next two years, capital expenditures increased to $1.06 million and $2.3 million respectively. Renewal and reconstruction costs, on the other hand, rose to $675,140 at the beginning of the same period, but declined slightly the following season to $625,415.[130]

With a return to normal economic conditions by 1948, which gave freer access to construction materials and new advancements in technology,[131] telephone development in Saskatchewan was poised for the unprecedented expansion of the public plant that characterized the 1950s. Whether management had in any way foreseen just how extensive that growth was to be is difficult to ascertain. But the average employee was certainly unaware of the changes that were coming. Late in 1947, for example, Don Robson, who had been hired only recently as a labourer, was told by his supervisor that he and two other men were "going to walk from Prince Albert to Saskatoon." Starting at the terminal pole in front of the Prince Albert exchange office on 12th Street, their task was to record the precise distance between each pole to the end of the designated line, using an ordinary tape measure. This was necessary to accommodate the installation of new carrier equipment for the purpose of increasing the circuit capacity on an open pair of wires. Using four-point transmission points—so-called "butterflies"—that crossed over periodically to dispel signal distortion, the new transposition system required exactly positioned poles on which to anchor the carrier equipment. Otherwise, the points would break mid-span, and the wire "fly out into the field like a butterfly." Around the same time, the Bell Telephone laboratories in New Jersey announced the invention of the transistor, on which much of the coming technological change depended. Only many years later did Robson connect the two events or appreciate their significance for the future of telephone development in Saskatchewan.[132]

In any case, during the decade from 1948 to 1958, more telephones were added to the provincial network than in all previous years combined, owing to the huge demand for both local and long-distance services created by the buoyant Saskatchewan and Canadian economies.[133] Already in 1948 the signs of growth stimulated by the new prosperity were unmistakable. Despite some continuing supply difficulties, 5,420 first-time subscribers were added to the system, thereby increasing the provincial total to 64,322. Rural stations connected to SGT exchanges also grew by 1,416, to 42,645 in all. Altogether, a record 10,000 work orders were completed of various kinds. Yet even with the addition of 8,079 circuit-miles of long-distance lines, the facilities still experienced frequent overloads and inconvenient delays. The waiting list of applicants for service also rose by 817 names.[134]

That figure began to decline the following year, however, as a result of steady improvements to the plant. Not only did the number of local stations increase a further 6,138 (raising the provincial total to 70,460), but 1,550 subscribers wanting enhanced service also were accommodated with temporary two-party lines. This helped to reduce the application backlog, though the task had not been easy. During 1953 alone, noted S.R. Muirhead, "we had to increase our telephones in service by about eleven to reduce the waiting list by one."[135] That urban growth was matched in the rural sector, where 1,196 farmers' telephones were connected to the public system. These advances were aided by the installation of new central office equipment at the main Regina, Saskatoon, Weyburn and Indian Head exchanges, to increase capacity.[136] Thanks also to the addition of 5,257 circuit-miles to the provincial network (consisting of leased service for the Trans-Canada System,[137] circuit rentals from the two national railways,[138] and new construction by SGT), a record number of 5,176,445 long-distance messages were completed. This helped to boost telephone profits to $1,282,160 in 1949, up from $1,208,623 the previous year.[139]

At this point, the pace of development accelerated so rapidly that by the end of 1955 there were 174,417 telephones in operation across Saskatchewan, 50,262 of which were owned by rural companies with connection to SGT exchanges. During the same 12-month period, over 7,600,000 long-distance calls originated from the province. Within just two-and-a-half years, these figures climbed dramatically in the wake of a massive construction program. Announced by Premier Douglas in June 1956, it was said to be the largest ever undertaken by "the System."[140] As of 1 March 1958—almost 50 years to the day since the government-owned system was founded—206,000 telephones were in use. Of these, 147,395 were system-owned, and 50,316 were owned by farmers' firms but switched through SGT offices. A further 8,200 were independently operated and switched through their own offices (down from 10,000 in 1955). "This represents nearly one telephone for every four [persons] of population," boasted a government report, "and indicates a very high state of development for an agricultural province." Moreover, not only were local exchange connections given by SGT to 362 urban centres in Saskatchewan, but the Crown's long-distance and exchange service—combined with the rural systems and a few small private plants—provided provincial residents "with a service in this modern essential instrument of progress which, considering the character of the province, is a strong indication of the foresight and progressiveness of the people."[141]

Though perhaps overly effusive, this self-congratulation was largely justified. Construction of new facilities in terms of both local exchanges and long-distance lines had continued from year to year on a system that now served "practically every reasonably settled area of the Province." In the process, neither the department nor SGT had lost sight of the principles behind the original telephone legislation of 1908. The primary object was still to provide service to the greatest number of people, while maintaining the plant on a self-supporting basis. Capital expenditures were met by loans raised on provincial credit, with both interest payments and sinking-fund deposits financed from corporate revenues. The net earnings of the telephone enterprise were paid to the Saskatchewan treasury as a dividend. Suitable provision was made, meanwhile, for maintenance, depreciation and renewals, "and by the exercise of strict economy and efficient administration the System has been able to meet all of these charges and retain a balance on the right side of the ledger."[142]

Also during the 1950s, SGT took enormous technological strides that placed Saskatchewan at the forefront of telephone development in Canada and kept it there. The two-decade period starting in 1948 was marked in particular by an aggressive program of automatic dial conversions. Although this service had been available as early as 1907 in Saskatoon and 1914 in Regina, many communities, both large and small, were without this modern device. In fact, at the end of World War II, only eight government exchanges had been converted to dial technology. The first equipment installed since that date was located in 1949 at Melville, where the central office handled 600 local and 50 rural lines. The following year, the exchanges at Assiniboia, Biggar and Watrous were similarly converted to automatic service.[143] At the same time, the first "key" equipment was installed in Saskatchewan's two leading cities. This technology, developed as far back as 1888 by the American Bell company, gave a number of advantages essential to telephone switchboard operation, not the least of which was that it did not require plugs and jacks, but relied on a simple lever or push-button to perform its functions.[144] Various businesses and corporations also began to change their communications operations to local PBX switchboards, 25 of which were installed across the province in 1951 and 32 more the following year.

By the end of 1959, 30 exchanges had made the transition from manual to automatic service,[145] with another six scheduled for the following year.[146] Subsequent progress was rapid; in fact, over 78 percent of system-owned exchanges already had automated equipment when the program was accelerated two years later, in 1961.[147] Each cut-over to dial operation was inaugurated, meanwhile, at a special ceremony held in the local community hall or school auditorium, to which the entire town was invited to attend. Presiding at the event were a district superintendent or head-office official from SGT, sometimes even the Minister of Telephones himself, and the mayor. He was invited to dial the first "long distance" call from one of two telephones placed on desks at opposite sides of the stage. The superintendent then answered the call at the other telephone.

Usually, the ceremony proceeded without accident; but, confesses Don Robson, there were occasions when some mishap occurred that "put your heart in your mouth."[148] Fellow longtime employee George Spencer recalls one such incident at Mortlach, where someone noticed just minutes before the event was to begin that the number plate was missing from the mayor's telephone. Without it, he would have no number to give the exchange operator for the return call. Although the oversight was rectified in time, the repairman forgot to tighten the dial. Hence, when the first call was attempted, the device leapt from the telephone onto the floor, only to roll off the stage to gales of laughter from a delighted audience and the red face of an embarrassed superintendent. "From then on," laughs Spencer, "we checked, double-checked and triple-checked before the superintendent asked for anybody to take a phone call at a cut-over of the automatic system."[149]

On other occasions, the source of such mishaps was equally innocent, though no less amusing. At the local exchange, the cut-over procedure literally involved cutting the cables that served the old magneto system. Timed precisely according to a strict schedule, the whole process required only a few seconds to complete before the automatic service began almost instantaneously. But to the surprise of the installers at Meadow Lake in 1961, nothing happened when the transition was made. Not a single call came through. Only later did they discover the cause of the difficulty. At that date, the town residents were still so accustomed to their antiquated manual telephones that they had no idea how to operate the new dial sets! A similar thing happened during the cut-over to Alsask the next year, though for a different reason. So intrigued were the townspeople by the automatic technology, that they all walked down to the new exchange to see it just as the cut-over took place, leaving no one at home to use the telephones.[150]

A more immediate problem facing the dial-conversion program lay, however, with the rural sector. Though automatic party-line service was available to all farm subscribers linked to the government plant, only 24 percent of telephones owned by rural companies with connection to SGT's long-distance system were dial operated. Besides, the dial conversion program provided "the only alternative to the growing difficulty of keeping agents to operate and provide 24 hour service in smaller exchanges."[151] Not until 18 September 1974, when Cumberland House—Saskatchewan's oldest settlement and the last of its 331 manual exchanges to convert to automatic dial operation—was this enormous task completed, making the province the first in Canada to achieve that distinction.[152]

The long era of manual and hand-cranked telephone sets, which had been the standard instrument of use and a familiar feature in most Saskatchewan homes, had come to an end. This was facilitated by SGT's policy of exchanging a "telephone for a telephone" as part of the changeover to automatic technology.[153] In place of the antiquated devices, a whole new age of telephones opened. This does not meant that improvements in design and function had lain dormant since the development of the old magneto or central battery sets decades before. On the contrary, advancements had been steady ever since. In 1927, for example, private telephones acquired a new look when the combined receiver-speaker—long used by department linemen—was improved sufficiently to be adapted for general use. The result was a squat, but compact cradle desk-top instrument that heralded a new generation of combination handset telephones. Innovations in style were especially extensive in the 1930s, despite the Depression, when the square box design of the wall set disappeared. By 1937 even the bell, which had been a ubiquitous feature of all instruments hitherto, was hidden in the base of these dial telephones. The same year witnessed the unveiling of unit model "205," which had push buttons just beneath the dial to serve a number of private switching functions. This was one of the early "key" sets that presaged the modern business telephone.[154]

Although developments were interrupted temporarily by World War II, new technologies in, and styles of, telephone design appeared soon after. During the 1950s in particular, many important advances were made in all aspects of the industry. In fact, by 1960 SGT had ceased to carry large stocks of telephones because they tended to go out of style quickly. Hence, it began to place small monthly (as opposed to periodic bulk) orders with manufacturers.[155] Both rugged and functional, the "500" desk-top model (introduced in 1952) and its wall counterpart (1956) were extremely popular with customers, and continued to be used widely until the touch-tone telephone—first installed at Regina and Saskatoon in 1968—began to replace it. These dial-operated sets even became decorative items in Saskatchewan households after 1955, when they became available in four basic colours rather than just the traditional black.[156] Further improvements followed five years later with the introduction of the "Starlight," "Princess" and other brand-name models. These sets combined a compact shape with attractive styling and an illuminated dial for night use.[157]

Advances in telephone design were not confined, however, to the mere aesthetics of shape and colour. The technology of function also made considerable progress during the 1950s, thanks to the introduction of such innovations as the speaker-phone in 1958 and the call-director in 1959. Both items became instantly popular with business offices around the province. Where the former provided hand-free telephone conversations by means of a loudspeaker and microphone unit connected to the set itself, the latter could handle 18 to 50 incoming, outgoing and interoffice calls at the same time.[158] The individual user thus became his own operator in the private business setting.

At the same time, SGT continued to expand the provincial system and improve service. Thousands of circuit-miles were added to the public plant, and the number of local and rural subscribers grew yearly. Central office extensions were also completed at numerous points in order to handle the growing demand for service by increasing line capacity. Other developments soon followed. One area that received special attention was the building of Saskatchewan's portion of a transcontinental radio-relay microwave network, with its distinctive "sugar scoop" antennae, undertaken jointly by the members of the Trans-Canada Telephone System.[159] At an estimated cost to the province of $8 million, SGT began work on its leg of the project in 1955, starting with a spur line to Saskatoon.[160] Just three years later, in 1958, construction was completed and the 6,500-kilometre network—which consisted of 140 steel towers erected at intervals in a continuous chain across the country—was cut into service on 1 July, Dominion Day.[161] Beaming microwave signals from one tower to the next, it not only provided extra circuits for long-haul, long-distance telephone use; it also carried video, voice and data communications for both radio and network television transmission from eastern Canada to the west coast.[162] In fact, service over what was then the world's longest microwave system began in Saskatchewan with live television broadcasts from the east via Winnipeg to Regina (28 April), Saskatoon (16 June), and finally Alberta (24 November). S.J. Muirhead cautioned in 1958, however, "that the major benefits of the large investment in microwave and other ... improvements in service are of a long-term nature, both in terms of good and efficient service and in returns on investment, as distinguished from a high rate of return over a short term of years."[163]

SGT also began to adapt the dial technology to long-distance use, just as it was doing already for local exchange service. A number of important preliminary innovations cleared the path to this end. In November 1955, for example, two-letter five-digit dialing (e.g., Oxford 37219, Lakeshore 73415, etc.) was implemented for the first time in Saskatchewan, at the provincial capital. By the end of 1957, Moose Jaw, Melfort and Prince Alberta also had "2-5" telephone numbers, as the system was called. Saskatoon, Swift Current, Rosetown and Estevan followed in 1958.[164] Later that year, western Canada's first cross-bar switches (installed at Saskatoon on 1 March and Regina on 16 November) brought tremendous improvement over the old line or "plunger" switches still in use, in terms both of speed and efficiency.[165]

It was only after these three essential developments were in place—the conversion of local systems to dial operation, the transition to "2-5" numbers, and the cut-over bringing both cross-bar switching machines into service—that long-distance dialing became feasible on a national scale. This allowed operators to connect subscribers' calls with ease anywhere in North America, directly to the desired destination, without requiring assistance from other operators at intermediate points along the way. A far greater number of long-haul messages could thus be completed more quickly than ever before.

Eventually, in 1964, customers were able to bypass the operator altogether. By means of Direct Distance Dialing (DDD) inaugurated that year, they could make their own station-to-station long-distance calls across the continent at even greater speed and, hence, less cost to SGT.[166] This was made possible by the adoption of the "All Numerical Calling" plan, starting at the Canora exchange in 1960,[167] which gradually replaced the "2-5" numbers then in use.[168]

Yet DDD was also made possible by the fact that in 1958 Regina had been designated as one of two regional switching centres in the country, and consequently one of the few in the entire North American long-distance network, routing all traffic in and out of western Canada.[169] In anticipation of that announcement, excavations had begun back in 1952 for a new main exchange in the provincial capital, at a cost of over $4 million, to house the necessary equipment.[170] The work was finished in 1955, the same year that labour began on Saskatchewan's portion of the trans-Canada microwave relay system and "2-5" numerical dialing was introduced. Eight years later, on 5 June 1963, the first sod was turned for a brand-new head-office building, as well, in order to meet SGT's escalating needs.[171] Located on the northwest corner of Albert Street and College Avenue, overlooking Wascana Park, the 11-storey structure was substantially completed by mid-December 1964. Not until 1 May 1965, though, was it opened officially for business and occupied, following the move from the Crown's former headquarters.[172]

As for that building and the old main exchange in the 2300 block of 12th Avenue, neither was to be relinquished. Instead, SGT's Board of Directors noted that

> *if potential requirements for additional equipment and facilities materialize within the next few years it will be necessary to use the old exchange building for exchange expansion purposes. The strategic location across from the new exchange building and the existing underground conduit to the new exchange are important to future plans.*[173]

Even now projections were that the new headquarters nearing completion would meet SGT's space requirements only up to 1976, "at which time it will be necessary to plan for additional Head Office facilities." Consequently, both of the older sites were to be retained, and the unused space rented to other government departments until such time as SGT required it or was in a position to determine definitively whether the older buildings could finally be sold.[174] The premises did not remain empty for long, however. In 1966, the corporation turned down an offer of purchase from McHugh Minerals Ltd. The old exchange building was leased instead to the Adult Education Division of the Department of Education for $12,000 per year, provided that the new tenant assumed responsibility for all taxes, caretaking, heating, lighting and other operation costs.[175]

Meanwhile, one interesting feature planned for the ground floor of the new head office by SGT's Public Relations branch was a telephone exhibit, to be organized at an estimated cost of $30,000 with the assistance of two Bell Canada representatives who had experience in these matters. "The display will trace the progress of communication from the original signal systems to the present and will also peer into the future," explained the General Manager. To complete the work, a firm of industrial designers in Montreal who were familiar with creating presentations of this kind was engaged. In the meantime, Bell Canada helped SGT to obtain examples of display equipment and other museum pieces as required.[176] Although kept separate from the historical exhibit, the corporation's marketing or promotional display was also to be located on the ground floor, in strategic proximity to the museum.

The guest list for the opening ceremonies of the new corporate headquarters and telephone exhibit (to be televised over closed-circuit television should more than one floor of the structure be needed to accommodate the gathering) was to include the mayors of all major Saskatchewan cities, the Member of Parliament for Regina, representatives from the Rural Telephone Association, a delegation of Telephone Pioneers, and "a fair representation of employees [from] throughout the various areas of the province."[177] The Board of Directors further agreed that the general public should be permitted to tour the building upon its completion, "without being part of a club or group," and that a history of the corporation be prepared for distribution as a souvenir of the official opening in early May 1965.[178] "TELORAMA," the name given to the exhibition, opened on schedule with the new head office,[179] attracting 10,000 visitors in its first year.

Also by that date, the Crown corporation had expanded its facilities in a number of significant directions. On the one hand were major improvements in technology. Starting in 1948, for example, numerous carrier systems were installed at key points in the provincial system,[180] whereby multiple channels of "electrical intelligence" or information could be carried over a single transmission channel. This permitted four conversations to take place over a single pair of wires simultaneously without interference or cross-talk, though because these circuits were open-wire and subject, therefore, to atmospheric conditions, they were not dependable over the long term.[181] On the other hand were improvements in such simple items as the introduction of continuous, 24-hour telephone service. Taken for granted today, that was not always the case. For although requested repeatedly as far back as World War I, few Saskatchewan communities—urban or rural—had the necessary automation or operating staff to offer it. Not until SGT launched its policy of full conversion to automatic dial was this service feasible, with the result that by 1961, 97 percent of system and rural subscribers had it.[182]

Meanwhile, the public plant had continued to grow in size and technological sophistication. The construction program of the 1950s, in particular, included not just the addition of conventional wire circuits to long-distance lines, but the use also of microwave and point-to-point radio systems, in order to connect community dial offices to their toll centres and open extra channels on existing networks. In 1958, in fact, the extension alone of microwave facilities added twice as many circuit-miles to SGT's long-distance plant as the year before, while increasing the total circuit-mileage of the provincial plant by almost a third at the same time. As a result of that increased capacity, the corporation (in cooperation with other major telephone companies) was able to provide defence communications facilities, and to expand both television (CTV) and radio (CBC) transmission networks in 1962.[183] The next year, special communications were similarly supplied to SGT customers who required television or radio services for educational, demonstration and supervisory purposes. The Crown corporation also maintained separate facilities for "on-the-spot" reporting of special events.

The introduction of new technologies during the 1950s led to still further innovations, such as mobile radio-telephones that became a significant service offering in 1954,[184] and the inauguration in 1962 of SGT's "underground cable" policy "wherever economically feasible and practical."[185] The latter was implemented to reduce the plant's dependency on traditional pole-lines, and thus provide greater reliability of service, especially during periods of severe weather. Yorkton was the first city to be "buried" in this fashion, with plans in place to install underground circuites in northwest Saskatoon and on the line between Swift Current and Wymark.[186] A year later, the program was extended to long-distance cable, too, when a three-mile circuit was laid underground between the community of Grenfell and a microwave tower just south of town.[187] This enormous task was completed in 1977, when the last remaining pole-line (that between Melfort and Star City) was replaced, making the province the first in Canada to have all toll circuits buried. Hence, when Saskatchewan residents speak today of "telephone poles," the reference is mere nostalgia; what they really see stretching as silent sentinels across the prairies are power poles! Ultimately, the twin factors of technological innovation and systemic growth between 1947 and 1964 contributed to an escalating trend toward the provision of major toll facilities via microwave, point-to-point radio or underground cable on a network over which more than a million long-distance messages were transmitted monthly by the end of that period.[188]

All the while, close attention was given to the particular needs of SGT customers, starting with the business community. Having already introduced mobile telephones, the corporation began a sales push in 1960 for a number of new items, including office extensions and answering machines.[189] The following year it offered "Direct Wire" (i.e., closed-circuit) television for prospective clients.[190] Conference calling through system operators was introduced in 1962, with the installation of specialized apparatus at both Regina and Saskatoon. The demand for nationwide dial teletype service, begun as far back as 1948,[191] also increased to the extent that additional exchange equipment to facilitate it was installed at the new switching centre opened in south Regina on 6 October 1963, which had been built specifically to handle specialty telephone operations for the city.[192] The same year saw the establishment of an Electronic Data Processing Centre in the Saskatchewan capital for machine tabulation of long-distance calls, a plan proposed and approved in principle in 1962.[193] Though not perfect,[194] the new equipment streamlined the corporation's accounting procedures enormously. Meanwhile, "Phone Fax" (or facsimile transmission) and "Data-Phone" service (first offered in 1964) allowed SGT subscribers to transmit and receive electronic information across telephone lines to business machines and central computers.[195]

In fact, the corporation began its swift transition that year to the blossoming computer age, when the General Manager reviewed for the Board of Directors' information the current "trend in the [telephone] industry regarding the uses of data processing equipment in the Accounting Departments." He outlined the reasons why it was essential for SGT to move in this direction, and listed the steps the Crown had already taken in that respect. At this point, the recommendation was made to retain an experienced consultant at a fee of $4,000–$5,000 (or less, if possible) to advise the corporation on the course of action it "should take in the way of acquiring data processing equipment and/or the use which SGT could make of the central computer owned or to be acquired by the Government of Saskatchewan." The consultant could aid, as well, in selecting a General Supervisor, Methods and Data Processing, a position created the previous year to replace that of the Chief Accountant.[196]

Computerization had enormous implications for the future, of course, one of which was identified immediately by the Board chairman. That was the question of possible staff reductions as a result of the transition to the new technology. The directors resolved to prepare a report on this issue, which was to include references "to the saving, if any, which may be made in staff by the use of computers." That assessment was unlikely to find favour with telephone employees or their union, both of whom wanted job security and resented being treated as mere statistics in any case. Perhaps for this reason, the Board agreed additionally that "since it will be necessary for the corporation to justify its report, comparisons with other telephone companies may be relevant."[197]

Whatever business facilities were made available, the Crown did not neglect to provide services for the specialized needs of its many private customers, in the meantime. These ranged from the simple or self-indulgent to the socially conscious. In 1953, for example, SGT installed the first time-announcing equipment at Regina for information purposes.[198] Six years later, in 1959, the province's first "wake-up" service was introduced in five urban centres for those subscribers who had difficulty getting out of bed in the morning.[199] More seriously, the corporation also advertised specialized equipment for the hearing-impaired as part of its sales offerings, along with coloured telephone sets and home extensions.[200] Other conveniences followed. Starting in September 1959, for example, SGT customers were able to settle their telephone accounts at the same offices where they paid for their utilities, and two years after that monthly billing was introduced.[201] Also in 1961, the corporation was approached by the Kiwanis Club of Saskatoon to participate in a unique "School-to-Home" project it had sponsored for a number of years. This provided for the installation of special interactive or intercom equipment between the classroom and the home or hospital room of any child confined to bed on a doctor's orders for longer than a month because of illness. With strong encouragement from the Saskatoon school board, SGT agreed to consider becoming involved, "and where feasible, to authorize the commencement of the project ... on a Province-wide basis" as a special, nonprofit public service.[202] This was precisely the type of social program that the CCF had designed Crown corporation revenues to fund, in part.

All of these developments in terms of technology and service, combined with the steady, even phenomenal growth of the provincial system,[203] soon forced the corporation to revamp its territorial organization in 1960. Abandoning the former structure of three individual districts established in 1915, 45 years before, Saskatchewan was redivided for telephone purposes into a South Division centred on Regina, and a North Division centred on

Saskatoon. This resurrected the original territorial separation between 1909 and 1915. But both regions were then subdivided further into four decentralized districts, each with its own office. The latter were located at: Moose Jaw, Regina, Swift Current and Weyburn (southern division); and North Battleford, Prince Albert, Saskatoon an Yorkton (northern division).[204] This restructuring allowed for more efficient administration and maintenance of a system that connected its 200,000th telephone in October 1962, and grew by another 12,364 subscribers the year after that. With 215,225 stations linked to provincial exchanges at the beginning of 1964, that increase represented the second highest net gain for any 12-month period in the plant's history.

This reorganization prompted other changes. One was a small hike in the annual rates for both business and residential telephones in large urban centres, to $39 and $26.40 respectively, on 6 November 1960. Similar increases affected subscribers connected to lesser exchanges. Their fees varied in direct relation, however, to the size of the central office and the number of stations it handled, on the principle "that the value of telephone service and the cost of furnishing service increases per telephone, in accordance with the increase in the number of stations serviced by one exchange." Conversely, "the telephone must be of less value, by reason of this, to the subscriber in smaller exchanges."[205] Thus, residential customers linked to central offices with under 500 lines paid a monthly rate of $2.60 (or $31.20 annually) as of November 1960, in contrast to those connected to exchanges in excess of 40,000 stations, who paid $3.90 per month (or $48.80 per annum).[206] Incidentally, this was only the second rate increase imposed since 1919, the first having occurred in 1953, after an interval of 34 years.

Another change wrought by SGT's territorial reorganization, meanwhile, was that the annual telephone directories now had to be issued separately for each new sub-district. Hitherto, only the three large divisions and the cities of Regina, Saskatoon and Moose Jaw had enjoyed this distinction. But SGT now had to issue eight separate directories, not including those for the three major urban centres, with the future need to publish ·others as individual Saskatchewan cities grew large enough to merit their own telephone book. As of 1963, these directories also carried a colour photograph on the front cover "depicting some particular attraction or industry in Saskatchewan."[207] It was even proposed that SGT encourage local artists by organizing an open competition for a provincial scene, with the successful painting (or paintings) "being awarded prizes and with the property in the paintings to become vested in SGT either for its use on its publications and/or display in its public buildings."[208] Unfortunately, the record is silent as to whether this idea was ever pursued.

Contributing also to the system's extraordinary growth during the two decades ending in 1964 was the development of telecommunications in the north—SGT's final frontier. Between 1945 and 1954, the Department of Natural Resources had operated a radio-telephone system for remote settlements in the northern portions of the province, where telephones and telegraph were non-existent.[209] This changed on 30 November 1955, when an automatic dial exchange for local calls (but not long-distance) was opened in Uranium City, Saskatchewan's most northerly community.[210] Similar service was introduced at La Ronge (3 September 1959) and Buffalo Narrows (10 November 1961).[211] Though slower to come, long-distance facilities followed in due course. Once again, Uranium City was the first to benefit. First proposed in 1958,[212] the private firm that had originally showed interest in providing the service backed out of the project.[213] At that point, the Alberta government recommended a joint venture with Saskatchewan. According to this plan, Alberta Government Telephones would undertake the whole project at an estimated cost of $627,000, on condition that SGT provided the necessary civil works in the north, as well as the multiplex equipment at Uranium City.[214] The balance of the facilities would then be rented to SGT for $1 per year. Since the future of the settlement for the next few years was considered "uncertain" by the corporation's Board of Directors, they accepted Alberta's proposal because it promised the lowest possible loss.[215]

As a result of the cooperation between the two public telephone companies, starting on 27 February 1963 Uranium City residents could transmit calls by means of a scatterwave radio system connecting to Fort Smith in Alberta and Hay River in the Northwest Territories.[216] This required special attention, however, owing to the settlement's situation on the north shore of Lake Athabasca. Because the technology did not yet exist to beam microwaves across bodies of water, in order to complete the connection the signal had to be refracted off the troposphere 10 miles above the earth's surface to Hay River below, whence it could be redirected southward to Uranium City. This technological feat required a very long circuit, but it effectually opened northern telephone communications. La Ronge was added to the network the following September. Not until the early 1970s, however, would the communities of Buffalo Narrows, Île-à-la-Crosse, Cumberland House and La Roche be similarly linked. Also at that time, SaskTel took over AGT's toll facilities at Uranium City, as well as the Alberta system's subscriber services at Lloydminster.[217]

RENEWAL IN THE RURAL SECTOR

If the period from 1949 to 1964 was one of astonishing growth for the government plant, it was equally remarkable for the swift recovery of Saskatchewan's rural telephones. These had emerged from the Dirty Thirties and World War II in deplorable condition. Depression and drought had lowered farm incomes so dramatically since the stock-market crash of 1929 that farmers' systems across the province had teetered on the brink of financial disaster. Some had slipped over the edge. Nor had their situation improved during the subsequent war years, despite a reinvigorated agricultural economy, due to the same restrictions on telephone equipment that had hampered the public system.

Beginning in 1944 and 1945, the new Douglas administration and the Department of Telephones were pressed to lend assistance to these cooperatives if they were to recover, let alone rebuild. It appears that at one point the CCF government even contemplated assuming control over the whole network of rural companies as a possible solution to the problem.[218] But partly because the Saskatchewan Rural Telephone Companies Association voted overwhelmingly against this option at its annual convention in 1946, the matter was dropped. The department lent aid, instead, by repairing telephone sets and allowing farmers' firms contact space on its pole leads for a modest fee.[219] It also reopened the Saskatchewan Government Telephone School (apparently closed during the Depression and war years) to train rural troublemen over the winter months. "Great interest was shown," stated Deputy Minister S.R. Muirhead in his annual report for 1947, adding in praise of the results that the training given "will help rural telephone companies to solve their [own] maintenance problems."[220]

Even without the SRTCA's opposition, however, it is difficult to assess just how seriously the CCF administration contemplated the takeover proposal. For early in its mandate, the government authorized a Royal Commission chaired by Walter Warren to examine the current state of rural telephones. Its final report argued against any takeover of farmers' systems, noting that such action would result in annual costs that would be impossible for the province to finance.[221] Yet during the next two decades, a large number of cooperative and independent systems were purchased by SGT, in spite of this strong recommendation.[222] Incidentally, among those acquisitions was the telephone plant at Carnduff, bought in 1953, which was the last of the independent town systems established under the original Municipal Telephone Act of 1908 to be absorbed into the provincial network.[223] Whatever the case, writes Dufferin Spafford, that the takeover option was considered in the first place "suggested recognition that more extensive government participation in rural service was necessary."[224]

The department continued, in the meantime, to encourage amalgamations as the most viable solution to the problem, with the result that between 1946 and 1951 alone, about 150 were completed. This contributed to a net reduction of 122 in the number of farmers' firms. Thereafter, the mergers continued at a rate of about a dozen per year.[225] Recognizing the evident "necessity for the reorganization of the rural telephone system," a 1955 report of the Royal Commission on Agriculture and Rural Life specified the desirability of such mergers "so that whole communities can be serviced by a single company."[226] The advantages of amalgamation were equally apparent to the department and SGT, for "through this means larger working units are obtained with the consequent benefits in efficiency of operation."[227] Both agencies expected this trend to continue, as a result.[228] Curiously, however, a resolution calling for the department to "take the initiative in proposing the grouping of telephone companies for amalgamation" owing to "the limited use of telephone service due to the high cost," was also rejected at the 1946 convention of the SRTCA,[229] perhaps to safeguard their independence. This certainly appears to have been the motive behind the association's subsequent request that "no change be made in the present rural telephone scheme of organization without consulting [it]."[230]

The farmers' systems began to show swift "all round improvement" almost immediately after the war, in spite of the supply difficulties that continued to plague the whole industry for the next few years. In fact, so rapid was the pace of amalgamation, incorporation of new firms, general construction and reconstruction, that it created unforeseen problems. These increased "the need of visiting different rural companies" for inspection purposes, in turn, and added "greatly to the work performed by [the department's] staff."[231] As their financial position also grew stronger, by 1947 these firms were able to retire over $16.5 million of their accumulated debt from debenture loans amounting to more than $17.5 million.[232]

Otherwise, there was very little indication of a desire to exploit this form of financing in future. On the contrary, debentures had declined steadily in popularity ever since the Depression era. As it was, no issues were authorized between 1932 and 1945, and although the security made a tentative reappearance shortly after the end of the war, only 65 new-Act companies had such loans outstanding in 1959.[233] To be sure, "with the emergence from the Depression, debenture financing began to lose some of the disrepute into which it had fallen."[234] Even the Local Government Board noted in 1947 that "rural telephone systems in the province have in many instances reached a condition where the scale of reconstruction necessary will require debenture loans, and borrowing from this source in the early future may be expected."[235] Yet partly because of the difficulties experienced with fixed-interest debt during the depression years, and partly because of the success of the special levy tax established in 1928 by the Gardiner administration, the rural companies demonstrated little interest in returning to the use of debentures for funding purposes.[236]

Financing of farmers' telephone construction and reconstruction in the post-war period thus depended overwhelmingly upon the special levy.[237] This was encouraged by the CCF administration, which expanded the terms of the original legislation. In 1948, the maximum permissible levy was raised to 8 percent of paid-up principal; that figure was increased to 12 percent a decade later.[238] Meanwhile, the government stood firm on the policy set down 44 years before, that no direct financial grants were to be made to the rural companies. It deviated slightly from that position, however, when Regina not only agreed to purchase a portion of the few debentures still issued by some farmers' firms,[239] but also offered minor sums as incentives for the adoption of 24-hour service at certain small exchanges.[240] "It was a constructive step," writes Dufferin Spafford, "but hardly on a scale required to rehabilitate the rural systems."[241]

Eventually, the province was faced with having to make one of two choices: assume control over the rural companies entirely, or initiate a comprehensive program of financial aid. These, at any rate, were the alternatives identified by the report of A.N. Reid, appointed in 1958 "to conduct an investigation into the provision of rural telephone service in the province of Saskatchewan." He was instructed specifically to examine: the demand for and desirability of an extension of service facilities; plant conditions and equipment; local organization and management; and operation costs. Ultimately, Reid was to recommend ways of improving and extending rural telephone service in the province.[242] Part of his investigation required travel to the other prairie provinces, North Dakota, Montana, Montreal and Toronto for comparative study of, and collection of first-hand information on, the organization and supervision of rural systems in other territories.[243] Reid's finished report, submitted in 1960, recommended strongly against assuming control of farmers' telephones. Like the Warren Commission appointed over a decade before, he concluded that the cost of acquiring the entire network would be prohibitive, and would very likely plunge the provincial treasury into debt even to the brink of bankruptcy. After all, by the date of Reid's submission, the 970 companies incorporated under the legislation owned more than 62,000 pole-miles of line at a combined investment of over $18 million.[244] The report urged, instead, a policy of technical and financial assistance to the rural companies.[245]

The government adopted the recommendation, and in 1960 announced a three-pronged aid program. First, one-third of the cost of telephone poles installed by the cooperatives would be borne by the province.[246] Second, an annual grant of $2.50 per telephone would be paid to systems that had reached a predetermined size, and whose switchboards were maintained at the standard required by the government-owned plant. Third, the Department of Telephones (since 1947 the rural branch of SGT) would be strengthened and advice would be offered freely to the rural systems.[247] Copies of the revised "Construction and Maintenance Manual" prepared by SGT were also distributed to the rural companies both in book-length versions and abbreviated editions for quick reference.[248]

The new program was an immediate success. At the beginning of 1961 alone, approximately $35,000 had been paid out in pole grants, while another $96,000 worth of applications were in process. By year's end, the government had contributed $151,245 toward the purchase of new poles.[249] Ten companies also had been approved for the exchange maintenance grant, with a further 75 under consideration.[250] At the same time, the government affirmed to the Rural Telephone Companies Association that the cost of renewing the rural networks alone made it highly unlikely that the province would take them over in the "foreseeable future." Just to restore the existing plants to the required standard would consume an estimated $30 million, without adding a further expenditure of $13 million simply to extend telephone connections to farmers still without them. The government also doubted that rural families would pay the $8 charge per month that was necessary to maintain the high standard of service required by public ownership and operation.[251]

Yet whatever these misgivings, the fact remains that the period from 1944 to 1964 saw the steady growth, rehabilitation and betterment of farmers' telephones throughout Saskatchewan, which restored popular confidence in these systems. That renewed optimism was reflected in the department's annual reports as early as 1951, when the increase in subscribers and installation of automatic equipment in a number of small exchanges were taken as proof of both "an expansion in the service" and its general improvement. "The fact that over $593,000.00 was spent from special levy tax funds on rebuilding rural systems indicates progress in this regard."[252] Moreover, owing to a combination of renewed investment made possible by a reinvigorated post-war economy and provincial support, the number of rural subscribers climbed steadily during the period. At the end of 1947, when the commercial and regulatory functions of the public plant were divided between the newly incorporated SGT and the department, there were 52,071 telephones serviced by farmers' firms—an increase of 1,548 over the previous year.[253] At the end of 1950, the total figure had grown to 57,289 subscribers,[254] and by 1958 it had surpassed 58,500. As a result, boasted a government report, "the greater portion of the rural population in the province is enjoying the advantages of an efficient telephone service."[255]

This view was echoed by Dufferin Spafford in 1961. At that date, over 63 percent of farmers had connection to the provincial system. This was a remarkable improvement, considering that just 10 years before a mere 54 percent of farm residents had telephone facilities.[256] But, he cautioned, the rural systems in Saskatchewan faced two looming problems in future, "which have received recognition in government policy only recently." One was the task of rebuilding after an almost unbroken period of deterioration from the time the first farmers' systems were erected to the conclusion of World War II. The other was the difficulty of adjusting to changes in the conception and purpose of the rural telephone. In 1908, Spafford continued,

> *the rural telephone had the modest purpose of connecting the farmer with a nearby market centre. Improvements in transportation have rendered this a much less important function. The growing use of long distance service in the rural community has drawn the companies into a close relationship with the rest of the telephone industry. Technological change in the industry, meanwhile, has imposed increasing demands on the technical capabilities of the component system. The Saskatchewan systems must not only be rebuilt: they must be rebuilt to a higher standard.*[257]

Although Spafford acknowledged that the program of financial incentives and technical aid that the government had launched in 1960 was well conceived to assist farmers' firms in meeting these problems successfully in the years to come, that policy "will be the more successful if the companies can be persuaded to amalgamate into larger units." Yet SGT had already admitted the desirability of this outcome, and even suggested that "any assistance policy should be implemented in conjunction with a policy to encourage the re-organization into larger more efficient companies." It had noted further that an enlarged rural branch could provide educational and assistance programs guaranteed to improve conditions in farmers' systems and rural telephone service.[258] But in spite of the numerous mergers that already had taken place since 1945, observed Spafford, and the increase in the proportion of farm residents served by telephones during the same period, "the companies are still very small." By raising the quality of service and plant among the poorer networks, he concluded, "the government program should help to overcome one of the major objections to amalgamation" as the most obvious and viable solution to the twin challenges that confronted farmers' systems in the coming years.[259]

CHAPTER TWELVE

TELEPHONE WORKERS UNITE! LABOUR RELATIONS, 1935-1964

THE DOUGLAS ADMINISTRATION WORKED QUICKLY to inaugurate advanced labour legislation in the opening months of its mandate. During the first session of the Legislature in October 1944, in fact, the CCF government launched the Trade Union Act by which both private and public sector employees were granted the right to organize and to bargain collectively. The new statute provided, as well, for compulsory check-off, and defined unfair labour practices. Also under its terms, the Minister of Labour (in this case C.C. Williams) not only had authority to establish a conciliation board for disputes, but in extreme instances where an employer disobeyed a board decision, he had extraordinary power to appoint a controller to seize the offending business. In 1945, the Labour Relations Board was created, with W.K. Bryden as its first chairman.[1]

The previous Liberal régime had not been unresponsive to the needs of labour. Already in 1943, the Patterson government had established the Saskatchewan Reconstruction Council to study post-war problems and develop plans to resolve them. As part of that policy, the premier had issued a statement on behalf of his administration to the Special Committee on Reconstruction and Re-establishment at Ottawa. Dated 19 April 1944, his brief outlined general principles and aims according to which Saskatchewan hoped to "offer to everyone who may be reasonably expected to work an opportunity for productive labour with a reward which when coupled with such social services as are provided will enable him and his dependents to enjoy a standard of living such as our resources reasonably warrant."[2] Considering that there were more than 70,000 Saskatchewan men and women enlisted in the Canadian Armed Forces, observed the Regina *Leader-Post*, with demobilization after the war "a considerable body of labour would be available for a period of expansion and development."[3] Programs to construct new and refurbish old public buildings, schools, highways, telephone lines and so on, at an estimated cost in the tens of millions of dollars, were proposed to absorb the anticipated flood of workers.

At the same time, however, the Liberals had passed the Labour Relations

Act "in the interest of labour peace during wartime." This legislation effectively prevented unions from agitating for better wages and working conditions on behalf of their members for the remainder of the European conflict. In particular, it suspended the operation of the Freedom of Trade Union Association Act and the Industrial Disputes Investigation Act, upholding in their place the Dominion government's Wartime Labour Relations Regulations (est. February, 1944), which forbade wage increases unless approved by the War Labour Board at Ottawa. All other provisions of an agreement were to be maintained, however. The right of labour to organize and to bargain collectively was still recognized, as before. But strikes and lockouts were prohibited until 14 days after a conciliation board had reported.[4] Although the CCF had recognized the practical necessity of these constraints to ensure the smooth functioning of Canada's wartime economy, it intended to make provision for advanced labour legislation early in its new mandate by lifting the restrictions on trade unions and enhancing their profile in Saskatchewan. Hence, passage of the new Trade Union Act in October 1944 was an early priority.

Almost immediately, employees of the provincial telephone plant organized under the legislation into the Regina, Saskatoon and Moose Jaw Locals of the United Telephone Workers of Canada (UTWC), and signed their first collective agreement with the Douglas government on 1 May 1945.[5] Soon after, the association became the Saskatchewan Branch of the national UTWC, formed in affiliation with the Canadian Congress of Labour (CCL) and—as of 1950—the U.S.-based Communications Workers of America (CWA). This was the earliest certification of public employees to occur under the terms of the CCF administration's new statute. It was not, however, the first trade union to be formed by the province's telephone workers. That distinction belongs to its parent and immediate predecessor, the Saskatchewan Government Telephone Plant Employees' Association, founded at Regina in January 1935 at the height of the Great Depression.

Drawing upon what little evidence that exists, it appears that subsequent to the operators' strike of October 1918 the province's telephone personnel had remained under the protective umbrella of the International Brotherhood of Electrical Workers (IBEW), however informally. But at some point, perhaps in the early days of the economic collapse of 1929 when even the trade-union movement across Canada had difficulty retaining its own members and failed, meanwhile, to meet the needs of ever-larger numbers of people suddenly out of work,[6] a separate body called the Saskatchewan Government Employees' Association (SGEA) was organized. Owing to the scarcity of information, it is difficult to ascertain not only its date of birth, but also the scope of its membership. It appears, however, that this proto-union embraced all public employees in the province, not just those hired by the Department of Telephones. But this is by no means clear.[7] Whether the organization was intended merely to be a loose association of workers from the various branches of public service, or an intermediary with the government on behalf or organized labour, is equally difficult to determine. At all events, the SGEA cannot have been very effective in representing the interests of its members, if that was its prescribed role in fact. No reference can be found to contract negotiations in contemporary sources, nor is the association cited anywhere in the department's annual reports for the period. That silence was not unusual, however; the reports rarely if ever mentioned labour relations at the time. Whatever the case, the SGEA ceased to function by spring 1941 at the latest,[8] and probably some time before that date.

Generally speaking, labour in Saskatchewan had been slow to organize. To be sure, several non-railway unions had formed in Moose Jaw and Regina prior to 1905, but these soon expired. More successful was the Brotherhood of Locomotive Engineers, founded in 1897, and several other railway-related unions that dated from 1903. The Typographical Union, begun in 1905, was the first permanent body of employees formed at Regina. This was followed by the creation of a trades and labour council in 1907, after a false start the year before.[9] That labour was so slow to organize in the early days of the province's existence is explained by the policies of Saskatchewan's first premier and his successive governments. "Through sympathetic attitudes and concrete measures [Walter] Scott was able to forestall concerted opposition and the development of new opposition parties" sponsored by labour.[10] These measures had included: fair wage clauses in all public contracts signed; legislation to prohibit child labour under a certain age, as well as to limit hours of work for both youths and women; workman's compensation for employees injured on the job; and the establishment of the Bureau of Labour in 1910.[11]

Owing to the variable economic conditions of World War I and the 1920s, the labour movement in Saskatchewan and Canada as a whole steadily gathered momentum and found its political voice. With the stock-market crash of 1929, both developments reached a crescendo as labour concerns escalated to new heights in the wake of massive unemployment. This led to the foundation of such groups as the Workers' Unity League (1928) by the Communist Party of Canada, the United Auto Workers (UAW, 1937) in Ontario, and the American-based Committee for Industrial Organization (CIO, 1935), which entered the country in 1937. The CCF shared similar antecedents. The emergence of such grassroots labour organizations in the 1930s challenged and ultimately surpassed the older craft unions and their central body, the Trades and Labour Congress of Canada (TLCC, 1886). Against the same grim backdrop of global recession—of low wages, little work, job insecurity and labour unrest that led to violence between police and striking miners at Estevan in 1931, as well as to rioting at Saskatoon and Regina in 1933 and 1935 respectively—the Saskatchewan Government Telephone Plant Employees' Association (SGTPEA) was organized.

THE SGTPEA, 1935-1944

The inaugural meeting of the new union was held on 30 January 1935 in the assembly hall of the main telephone exchange at Regina. The constitution adopted by those present defined it as

> *an organization instituted for the purpose of promoting the welfare of its membership, encouraging co-operation and efficiency, and strengthening the bond between all classes of [telephone] employees. It recognizes that a proper relationship must be established and maintained between employees and employer which will permit amicable discussion and adjustment of all questions pertaining to working conditions and adequate wages.*[12]

Clearly, the association saw itself becoming the chief bargaining unit for all Saskatchewan telephone workers. To that end, any employee of the provincial plant with one or more years of technical service was eligible for membership, provided that he conform to the constitution and union bylaws.[13] To join or not to join was thus a voluntary decision, not yet mandated as a condition of employment with the Department of Telephones. Those who became members were expected, however, "to promote the Aims and Objectives of the Association and to assist [it] in every possible way." Dues were established at 50¢ per year, later increased to $1 in February 1937. All members of good standing were eligible for office in the union, except "those holding Executive or Supervisory positions or those in a position to recommend payroll changes in the Plant Department." At the same time, the association's executive reserved the right to suspend any member "for infringement of the constitution or misconduct which merited suspension in its opinion." But as with most other executive decisions, that action required approval from the membership by a two-thirds majority vote. Eventually, a card system was adopted for administrative purposes, to include the service record and job classification of each member. This information was obtained from the department and verified by employees in case of grievance.[14] Finally, all retirees were to be awarded an associate life membership.[15] At the height of the organization in 1939, the Regina local alone boasted 89 members who were eligible for election to the Central Executive.[16]

The officers of the new union included a president, secretary-treasurer and three others, voted annually. For continuity's sake, the immediate past president was to remain as an ex-officio member of the executive, if not reelected with the new slate for the ensuing year. Two of the five officers were to come from the Inside Plant, two from the Outside Plant, and one from the Toll Plant. From this group the president and secretary-treasurer were selected at a general meeting of the union.[17] The president (or "presiding officer" as of May 1939) was responsible for the good government of the association, seeing to it that the constitution and bylaws were "closely observed." "He shall also have the power to appoint committees for Social and Athletic purposes."[18] The secretary-treasurer was to keep accounts, issue notices of meetings and conduct all correspondence for the union. In addition, he was to pay all bills, receive membership dues, oversee bank accounts, sign cheques and prepare statements of the association's financial condition. In theory, the executive was to meet once a month, "or as often thereafter as conditions warranted." In practice, the meetings were irregular, occurring sometimes a month apart and sometimes three months apart.[19]

The constitution also included provisions for future growth and expansion into other districts. The union, it stated, "may be affiliated with any Plant Employees' Association in the Saskatchewan Government Telephone System having the same membership choice." In that event, a Central Executive would be formed, consisting of the president and one other officer from each of the participating locals. It was to meet at least twice a year.[20] The plant employees' association at Regina would retain its own identity, however, and deal with its own problems, notwithstanding its affiliation with other similar organizations. As it transpired, Saskatoon's telephone workers organized a separate local shortly after the inaugural meeting, while the employees at Moose Jaw elected to join the Regina association.[21] Hence, the latter seized the leadership of the growing movement. It established itself as the chief executive body, declaring at its next meeting on 27 February that "until financial conditions warrent [*sic*], the President, Secretary Treasurer, and two Executive members shall be residents of Regina."[22] Saskatoon and Moose Jaw would each provide one of the remaining two officers to represent their interests on the central council.

This was a practical solution to the ever-present problem of slow travel and communications among three widely dispersed centres. The same pragmatism motivated a second resolution passed at the meeting, which reinforced Regina's claim to leadership:

> *Realizing the many difficulties attendant in co-ordinating and presenting the views of the membership of this Association to the Executive of the Telephone Department without a Central Body, and whereas at this time the organization is not on its own resources financially able to arrange the necessary meetings of the Central Body, the membership of the Regina Local of this organization suggest that: The Executive as appointed by them be recognized as the parent body to present the aforesaid views when necessary. But that no contracts shall be made with the Executive of the Department on any matter until agreed upon by the majority membership of all levels.*[23]

The officers of the Regina association elected initially in January were then reconfirmed in office.

Four standing committees were established to handle specific areas of union business. The By-Law Committee, appointed on 6 June 1939, was responsible for drafting new regulations for the association, amending old ones and reviewing the constitution as required.[24] The Superannuation Committee was created, as the name implies, to scrutinize the retirement benefits accorded by the department to employees, recommend improvements in the plan and review any new legislation that affected eligibility or income. At first appointed on an *ad hoc* basis as the need arose, this body became a regular feature of the union by 1941, when three men were delegated to report specifically on all changes pending to the Superannuation Act of the Department of Telephones.[25] More important still, however were the Schedule and Grievance Committees.

Created initially in February 1936,[26] the five-person Schedule Committee was responsible for all matters related directly or indirectly to employee wages, including overtime, extra compensation for shift work, holiday pay, sick-leave, job classification and so on. It also handled the yearly contract negotiations with the Deputy Minister and Plant Superintendent. The Grievance Committee, initiated in 1936 and renamed the Welfare Committee in 1940, was only slightly less vital. Chaired by the union's president and composed of one member each from the switching, outside staff, toll terminal and district departments, its task was to investigate complaints from individual members and to decide which ones warranted further action with telephone officials. Grievances were to be resolved within five days of receiving them; if, however, the outcome with the department was considered unsatisfactory, the matter would be taken before the next general meeting to determine the appropriate course of action.[27] For the most part, grievances were few in number and dealt mostly with minor concerns over working conditions, promotions, transfers or administrative error. There were complaints about late paycheques, inadequate sleeping accommodations for traveling linemen (a matter "vigorously pressed" by the committee)[28] and poor ventilation at the Regina exchange, where everyone working on the top floor fell ill from the stale air.[29] More serious issues concerning wages were referred automatically to the Schedule Committee for discussion with the department.

Membership in the new union grew swiftly after its inauguration in January 1935 until, by the following May, 66 percent of all telephone plant employees at the provincial capital had enrolled. Hence, it was resolved that when this figure had surpassed 75 percent, the executive would formally advise the telephone department of the union's existence and request official recognition.[30] Presumably, that benchmark was reached the following June, when notification was sent to Deputy Minister Walter Warren.[31] From that date forward, the association took its first tentative steps toward asserting itself as the chief spokesman for telephone employee interests. A motion passed, for example, at the general meeting of 4 October effectively announced the union's independence from the SGEA. It asked specifically for "the Plant Employees' share of that Association's funds and material."[32] Yet the union's other early efforts in this regard were curiously hesitant; for at the same meeting the membership rejected two further resolutions for undisclosed reasons. One would have directed the executive to advise the telephone minister of the association's formation and request its immediate acknowledgment "as a representative body for Plant employees." The other would have urged the department to consult with the union over all final adjustments to the new working schedule effective 1 January 1936, while asking, moreover, that the finished version be reviewed and, if deemed acceptable, signed by the association for the telephone workers.

Early the next year, however, the association had gained sufficient confidence to assert its voice on behalf of the plant employees over the department's wage schedule. On 28 February 1936, after the election of new officers, a committee of five members—headed by future president C.G. Palmer—was appointed to review the Public Service Act in regard to the relationship between the union and the department; to gather data as to the cost of living and pay levels in neighbouring provinces; and to investigate the financial standing of the western telephone companies for the previous year. Its findings were to be submitted by 21 March, together with suggestions for revision of the current schedule.[33] Proposals for several more changes came from Saskatoon and Moose Jaw. The general meeting of 1 April thus opened with discussion of the committee's report and its recommendations for the new contract. The provisions for sick leave already in force were to be retained, for example. It was also agreed that the monthly pay rate offered to first-class switchmen and linemen should be raised by $5, to $170, "all other rates to be increased by the same percentage." A motion then passed to form a bargaining committee, composed of representatives from each local, to negotiate terms with the Deputy Minister.[34]

That the Department of Telephones did not yet view the SGTPEA as labour's spokesman is evident from the fact that the union was still awaiting a reply from Walter Warren on its recommendations two months later. After all, until legislation passed to authorize the organization of labour especially in the public sector, the SGTPEA had no legal claim to enforce its demands for official recognition. That legislation was not fortcoming until 1945. Nevertheless, the membership agreed to extend "a vote of confidence ... to all concerned in the drawing up and the presenting of the Proposed Schedule."[35] They also urged that the new contract be made retroactive to 1 May. The executive was authorized, in addition, to request an immediate meeting between Warren and the bargaining committee not just to discuss wages this time, but to clarify the position "in which the Association stood in regard to the Public Service." (That prevailing ambiguity explains the union's subsequent haste to obtain certification under the Freedom of Trade Union Association Act of 1938, in order to solidify its claim to represent all telephone plant workers, whether members or not.)[36] The letter was to include a protest against the delay in concluding the new contract. With Regina, Saskatoon and Moose Jaw in agreement, there was (stated the minutes) "a uniform accord throughout the province" with respect to the union's actions.[37]

This resolve had the desired effect, for it appears that the Deputy Minister met with the bargaining committee sometime during the summer. Yet once again, the department discounted labour's proposed changes to the schedule following that meeting. So in late September the union voted to request another conference, this time with the Minister himself.[38] Although it is unclear whether this gathering actually took place, a revised wage schedule was approved by mid-November and distributed to the members for future comment.[39]

Until its dissolution in spring 1945, the association concerned itself with customary union business. Some of this concerned such routine matters as the purchase of office supplies, including letterhead stationary "at a reasonable price,"[40] a mimeograph machine and new typewriter "to keep the Association's equipment in good order,"[41] and a briefcase for the official use of the secretary-treasurer. There is even mention of a union banquet planned for autumn 1942, to enable members to become better acquainted on a social level. Sponsored by the association, the estimated cost per person was between $1 and $1.50.[42] For the most part, however, the focus remained on issues related to job performance, wages, working conditions and perquisites. Among other items were requests that the department provide a library of technical books at each exchange and the Head Office, coupled with study courses to improve worker skills,[43] reduced telephone rentals for all personnel, better training for apprentices, and the requisite tools for specialized work, instead of employees supplying them at personal expense. In general, the department was sympathetic to these appeals. With respect to reference libraries and technical courses, for example, it had no plan of its own, but was willing to consider "a cut and dried scheme" from the union. It further agreed that the quality of training for some classes of employees, especially switchmen, was "far from satisfactory from the standpoint of the men wishing to learn and also for the efficient operation of the Switchroom."[44]

To resolve the problem, the position of Head Switchman was replaced by three supervisors who, in addition to their other duties at the exchange, would train those under them. Eventually, the period of apprenticeship itself was increased from four to five years, at the end of which time the employee advanced to the next higher rating in the pay schedule. The goal here was to improve instruction for new personnel and to reduce the spread in wages between the junior and top rates "that has been widening to an uncomfortable degree in the past few years."[45] "This appears to be a move in the right direction," affirmed the union, "both from the training angle and the fact that the promotion these [supervisory] positions provide will be something to try for, not forgetting also the fact that such key positions should call for a higher rate of pay than a Switchman can attain at present."[46] As for the matter of specialized tools, the department agreed to supply everything, save for pliers, cutters, screwdrivers and spurs, which "the diversity of choice and length" made difficult "to stock and supply."[47] Although it was never intended that employees purchase the implements required for telephone maintenance, they had made the decision themselves a few years before to supply their own kits. Only on the issue of reduced rentals did the department side-step the union's repeated requests. It temporized, instead, assuring the association that "the item would be considered, but no answer could be given at present."[48]

Less congenial were discussions between the department and the association over the wage schedule. Apart from the usual disagreements between what labour wanted and management offered, poor communications were a major problem. It was difficult enough to coordinate the interests of the Regina and Saskatoon Locals, which sometimes disagreed. A united front was vital, after all, to successful negotiations. Far more problematic was the SGTPEA's relationship with the department. The union believed, in short, that it was being ignored, and perhaps even duped. For example, on 9 February 1940 following another round of contract talks, the association expressed its regret that

> *after such lengthy delay the Department has given so little apparent consideration to so many of the employees' desires, and that it feels there must be some misunderstanding. Such matters as Overtime for emergencies, date of agreement, elimination of $130.00 [fourth] class for Switchmen and Linemen and [a] general increase for all rates of pay have received no consideration in spite of the fact that these were considered verbally agreed. The Association would therefore request a further meeting with the Department so that confidence may be restored.*[49]

Yet matters did not improve.[50] Instead, on 16 April 1942—fully two months after the latest contract talks had adjourned the previous February—the union had yet to receive a progress report from Plant Superintendent T.D. Leach with regard to the amendments it had urged. It resolved, therefore, that if no response was forthcoming by 1 June, the executive should write to request "prompt action on the matters concerned in the Proposed changes."[51] When that deadline passed in silence, too,[52] the association convened a special meeting on 6 August

> *to decide upon what course to follow, with the aim of achieving the best results, in view of the fact that the Department have not been acting in a*

> *very co-operative spirit since they haven't acknowledged any of our correspondence from the last Delegation meeting [on 11 February], and as much business was left incomplete, some effort on the part of the Association is deemed necessary.*[53]

A motion then passed to request an immediate conference with the Deputy Minister. This had the desired effect. A meeting was duly arranged for 12 August with Walter Warren, who attributed the long delays to the pressure of conducting business during wartime, "and this changing so rapidly these days, certain matters have unavoidably been laid aside, regretting this had been one of them." But after adding that he had no quarrel with the association's criticisms or suggestions, he deftly shifted the blame to Plant Superintendent T.D. Leach, who (Warren claimed) had not informed him of the union's proposals. He promised, however, to investigate the matter.[54] The executive was apparently satisfied with this flimsy apology, though whether it detected the subterfuge in the Deputy Minister's verbal tap-dancing is not evident from the minutes.

As for the annual contract negotiations themselves, these involved far more than discussion over rates of pay or annual raises. Connected closely to these issues were such complicated matters as the appropriate classification of employees (e.g., equipment installers, troublemen, PBX-men, sub-foremen, switchmen, etc.), which directly affected salary levels.[55] Additional concerns involved compensation for night work, shift work and overtime ("as is customary with other systems," argued the union),[56] which also meant setting differential pay rates for "city" as opposed to "district" employees, as well as for other classes of work. Related to this were union efforts to ensure that all classifications of, and wage levels for, lower-paid employees were adjusted on an upward scale to keep pace with the cost of living—yet another contentious issue.[57] Specifically, the association wanted a monthly allowance for every telephone worker to offset the effects of inflation, which the department refused to consider.[58] The issue was revisited time and again as the two sides failed to reach agreement.[59] Other items of interest included overtime pay for legal holidays, extended vacations for longer service employees, health insurance, death benefits, and sick leave and its accumulation. With respect to the latter, the union proposed an arrangement whereby the department would make up the difference between the compensation paid to employees injured at work and their regular monthly salary during their convalescence.[60] There were also the twin issues of internal transfers and job promotion on the basis of service and seniority, which required the rating of staff according to their qualifications. Above all else was the association's determination that each new telephone plant employee came within scope of the wage schedule, "but not in such a manner as to conflict with business already taken up with the Department."[61]

With the outbreak of World War II in 1939, new complications arose to vex further the often strained relations between management and labour. Most of these stemmed from the fact that with so many men and women leaving public service to enlist in the Canadian armed forces, the department scrambled to fill gaps in Saskatchewan's telephone plant that opened suddenly as it was stripped of personnel.[62] Expediency thus became the reigning principle of the day to keep the system operational, even when decisions departed from contractual obligations to the union. Although the latter was prepared to allow some bending of the rules, it nevertheless insisted that the department fulfil its arrangements with labour. A major bone of contention was the matter of transfers within the plant. In this regard, claimed the union, the department had not "acted to the letter of their agreement" by posting notifications of new openings a month in advance.[63] On occasion, the person appointed to fill a vacancy was unqualified to hold it.[64] The association not only objected to these apparent breaches of contract, but warned also that such occurrences caused a loss of confidence and impeded the spirit of cooperation desired by both sides.[65] The department countered, however, that "because of the need for haste in filling the vacancies caused by multiple changes, ... to have posted each move [as required by the collective agreement] would have taken 30 days in each case and the business of the Plant would suffer by such delays."[66]

After lengthy discussion, both sides finally agreed to drop the 30-day requirement for postings as being neither practicable nor efficient. Advance notice was shortened to a few days instead, with announcements of follow-up transfers to come via telephone or wire, if necessary, in order to broadcast them more widely.[67] The union wanted also to ensure that all new positions or vacancies were filled by the existing staff, giving every telephone employee the opportunity to apply, and that seniority coupled with efficiency would prevail in the selection of the successful candidate.[68] It insisted, finally, that the department pay the expenses of anyone transferred to a temporary position within the telephone system due to enlistment in the active services.[69] T.D. Leach agreed, saying that management had never intended for such extraordinary expenses to be borne by the employee; furthermore, "the Department had always tried to do the right thing in this regard and would continue to do so."[70]

This opened, in turn, the whole issue of enlistment itself. In August 1942, the association asked explicitly for the government's position on this sensitive matter. The Deputy Minister confessed that a meeting of officials at Regina had failed to define a clear policy. Having received no satisfaction on the question, therefore, he "probably will have to contact Ottawa" for direction. Until now, the department had not released telephone plant employees with fourteen years or more experience, because it did "not want to depiete the staff any more than [it] can possibly help." But recent reports of even married men being called up for military duty had made this matter urgent.[71] Walter Warren further admitted that already as a result of the growing number of enlistments, "he was leaving certain employees, to use his own words, holding the bag"—a reference to the heavier work load being thrust on ever-fewer staff. This situation would worsen, he added, if Ottawa extended conscription to include married workers. The union "gathered from his remarks that [the department] would not release men for enlistment in the Air force [or other branches of the military] as long as they can withhold such releases."[72] The association resolved, in the meantime, that all members who joined the Canadian forces would be maintained in good standing with the union during their term of service.[73] As a patriotic gesture, it also moved that whatever scheme the department adopted "regarding War Savings Certificates in the future, deduction be made from the salary cheque for purchase of same" by every employee enrolled.[74] Finally, the association pledged to consider possibilities for post-war renewal programs in response to a request from the Saskatchewan Reconstruction Council in 1943.[75]

Otherwise, management and labour continued to wrangle over old business as before, despite wartime conditions. This ranged from the usual discussion of pay raises and legal holidays,[76] to the classification of permanent staff,[77] extended sick leave and the still unresolved debate over cost-of-living increases.[78] There were also grievances that some personnel had not been accorded their proper rating upon promotion; hence, an investigation was launched into all cases of employees who had completed their apprenticeship, but had not yet been given the increases guaranteed by the collective agreement.[79] As time passed, however, the association's bargaining position strengthened considerably as conditions turned in favour of labour. Owing to the new industrial development on an immense scale and the emergence of mass-production industries spurred on by World War II, union memberships skyrocketed across the country, more than doubling their pre-war figures.[80] This period witnessed the organization of most public sector workers at all levels of government—municipal, provincial, federal—and substantially expanded the ranks of the trade-union movement. Saskatchewan did not escape this general phenomenon. In March 1944, for example, the Moose Jaw members of the SGTPEA finally resolved to form their own local, with assistance from the parent body in Regina.[81] This would strongly reinforce the association's hand in all future negotiations with the Department of Telephones.

More significant still, though, were developments on the Dominion level, where the All Canadian Congress of Labour (est. 1927) and the Canadian branch of the Congress of Industrial Organizations (est. 1937) had united in 1940 to form what over time became the country's leading national labour body: the Canadian Congress of Labour (CCL). By the war's end, its membership had tripled to 314,000, while that of the older Trades and Labour Congress had also increased during the same period from 132,000 to 356,000. In fact, union membership exploded during the early 1940s due to the demands of the wartime economy. Already by 1940, so many men and women had enlisted with the military or taken jobs in munitions plants and other essential industries that near full employment was achieved. In response to these extraordinary conditions, the federal government introduced a number of initiatives designed to maintain production, limit costs and restrain the movement of labour. Remembering, for example, what many believed to have been extensive corporate profiteering during World War I, Ottawa swiftly introduced wage and price controls. It also extended the Industrial Disputes Act to include all industries considered essential for Canada's war effort—a category so broadly defined as to embrace almost everything. To control workers' freedom to move from job to job, meanwhile, Ottawa created the National Selection Service Agency. Unlike Britain and the United States, however, Prime Minister Mackenzie King's government did not invite labour to participate in wartime decision-making.

Canadian labour leaders refused consequently to give "no strike pledges" for the duration of the conflict. Starting in 1943, instead, workers not content to wait until after the war for better wages and working conditions struck frequently and in large numbers. This situation, combined with growing public opinion in favour of labour and increasing support for the CCF with its popular blueprint for social justice, forced the federal authorities to issue an emergency order-in-council, PC 1003, in February 1944. This protected the worker's right to organize and required employers to recognize trade unions chosen by a majority of their staff. Extended by a further two years after the war's end to ensure labour stability during the slow return to a peacetime economy, the law also imposed collective bargaining and grievance procedures on employers, while curbing unfair practices by both unions and management.[82]

As a result of these developments, most workers sought membership in labour organizations, which looked in turn to expand the movement beyond local or even national boundaries by amalgamating with established trade unions elsewhere. In Saskatchewan, for example, the SGTPEA had already been contacted by the British Columbia Telephone Employees' Organization in this regard,[83] when the union executive wrote to the federal Department of Labour in spring 1944 "asking for information regarding the New Labour Code" and stating that the Saskatchewan association "desires to be the bargaining Body as a recognized organization in the Plant Department."[84] At a general meeting later that August, the membership heard representatives from the CCL and the rival IBEW. Both speakers dealt "with the set-up and benefits to be derived by joining" their respective bodies. Following the twin presentations, the Regina members voted to join a nationally based trade union.[85]

The first step taken in this direction came the following November when the Regina branch of the association resolved to surrender its funds to the recently organized (though not yet officially constituted) United Telephone Workers of Canada. A cheque was made out to John Lax—formerly of the SGTPEA, but now representing the UTWC Regina Local—in the amount of $71.55, all that remained of its accumulated assets. It was agreed at the same meeting to bequeath the typewriter and secretary-treasurer's briefcase to the larger organization.[86] It only remained now for the UTWC to organize formally, certify under the Saskatchewan Trade Union Act (just passed by the recently elected government of Tommy Douglas), and to sign a new collective agreement with the Department of Telephones, in order for the older association to conclude its affairs.

THE UTWC (CCL), 1944–1964

At its first annual convention held in the Saskatchewan capital on 2–3 December 1944, the United Telephone Workers of Canada (UTWC) was officially born. In all, 24 delegates attended, representing the city and district plants, operators, repair-shop personnel and clerical staff of the provincial system. C.G. Palmer presided over the meeting as president-elect of the Central Executive Council, aided by the presidents of all three locals: John Lax (Local 1, Regina area), Roy F. Ruemper (Local 2, Saskatoon area), and C.D. Silverthorne (Local 3, Moose Jaw area). Also present was James Foothill, president of the Canadian Brotherhood of Railway Employees, Regina Local, who introduced keynote speaker A.R. Mosher, president of the Canadian Congress of Labour (CCL). The conference opened with a number of formal presentations, followed by the roll call and a brief discussion of issues to be included on the agenda.[87]

On the second day the real substance of the meeting began. The first order of business was to establish the current membership of the organization and calculate its working capital. In all, there were 792 members (of whom 748 were fully paid-up), representing 93 percent of Saskatchewan telephone workers.[88] This astonishing level of support was achieved, in part, by the efforts of C.G. Palmer, who had visited 10 major centres in the province during the two months immediately preceding the meeting to promote the fledgling organization. He planned to cover as many other points as possible over the next six weeks.[89] At this point, the delegates resolved to appoint a "mailing representative" at each exchange office to oversee union matters. They also agreed to create a card system for administrative purposes, in order to maintain an accurate record of transfers, resignations, and new appointments of individual members. With a working capital of only $280.49 in the bank divided among the three locals, the question of dues naturally arose. The general opinion was that if a favourable contract was signed with the department in spring 1945, a monthly rate of $1.50-$2.00 "would not be difficult." How different were the current economic conditions from those in the early days of the SGTPEA, when dues of 50¢ per year were considered a burden on people still caught in the throes of the Depression. The issue was tabled until the next meeting, however, on the recommendation that the various locals should discuss it prior to making a final decision.[90] In the meantime, because "the Union was badly in need of money, due to the fact that no monthly dues had been collected and the expenses, especially the travelling expenses from Saskatoon Local, had been very heavy," the participants agreed to take out a $300 loan secured through Roy Ruemper on collateral furnished by himself and three other members.[91]

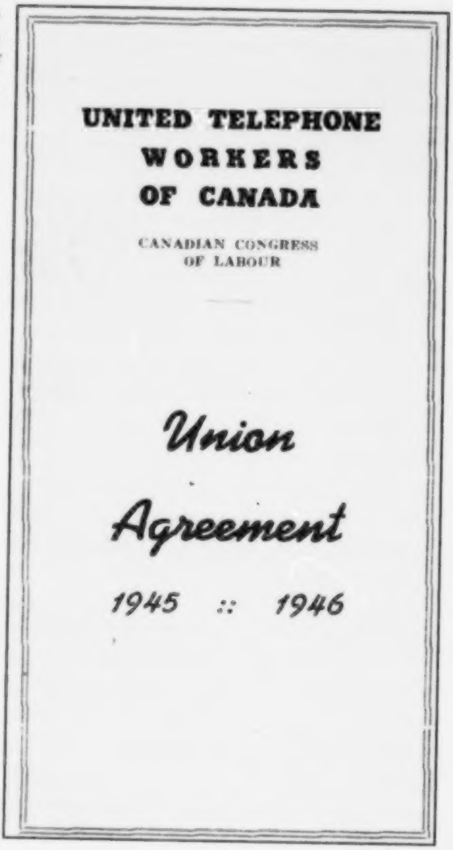
The remainder of the conference was devoted to organizational matters, specifically selection of officers and deliberation of terms to be included in the next contract negotiations with the department. Both items were dealt with quickly. The delegates spoke of creating a more uniform system of representation on Local executive committees before turning to the election of the six-member Central Executive Council. The successful candidates included a representative from each branch of the telephone plant (except the repair shop), with the vote resulting in an even balance of three men and three women.[92] C.G. Palmer, whose previous election was "unanimous," was reconfirmed as UTWC president. Assisting him were B. Bearman as vice-president, John Lax as financial secretary, Miss E. Aitchism as recording secretary, and four other members at large: Frank Forsythe, Elma Hannah, Eleanor Mossop and Miss M. Ferguson. Next addressed were the general terms of the new collective agreement to be submitted to the department. Various slight changes were made concerning the terms of employment and working conditions for all staff. Otherwise, the proposal varied little from those presented on previous occasions by the SGTPEA.[93] At this point, the conference adjourned.

Two subsequent meetings of the Central Executive were held respectively in March and April 1945, to resolve leftover business. In the meantime, the new association received its charter (dated 19 February) from the CCL. At the March conference, a number of amendments were made in the union bylaws respecting membership, to bring them into conformity with the Labour Relations Board. Specifically excluded from participation were officials and certain other classifications of the telephone department who occupied managerial positions. Suitable for membership, but prohibited from holding executive office or attending group (as opposed to general) meetings were various lower-level plant supervisors, foremen, the chief operator and her assistant, the revenue accountant and the head cashier, among other personnel. All other employees were eligible to join the UTWC, whose monthly dues were established finally at $1.50.[4] The second executive meeting, convened on 10 April, dealt with the latest round of contract talks with department officials, which had begun the previous month. Although the minutes give few details, it was resolved "in the best interests of all" that no information pertaining to the discussions be divulged until they concluded. Furthermore, no reports of the completed agreement were to be circulated until it had been presented first to the union membership for approval.[5]

Despite the desire to safeguard confidentiality, negotiations between labour and management were evidently far less acrimonious this time than they had ever been during the previous Liberal régime. For the UTWC enjoyed a number of advantages that smoothed relations between the two parties from the outset and eased their way to swift mutual agreement over terms. Not the least of these advantages was the significant force of continuity. Though for all technical purposes the UTWC was a novel organization certified under the recent Trade Union Act and freshly chartered by the Canadian Congress of Labour, its membership, local organization and even leadership remained virtually unchanged from the SGTPEA. Its first president, C.G. Palmer, had formerly presided over the latter from 1939 to 1942, while most of the other officers at both the local and central level (including John Lax, Elma Hannah, Frank Forsythe and Eleanor Mossop) had been founding members of the parent organization in 1935 and fellow executives, as well.[6] Thus in all of its essentials, save for its relation to the CCL, the UTWC was really just a reinvigorated version of the older association under a new name and with a more cohesive structure, perhaps, but having the same policy goals and ambitions to represent all Saskatchewan telephone workers.

Another advantage, meanwhile, was the temper of the new government. Not only did it sympathize with labour's concerns in view of its ideological perspectives, but Douglas' socialist administration had actively undertaken to promote trade unionism through legislation almost from the moment it took office. Support for labour had been integral, after all, to the party's platform long before that. Finally, almost every item considered in the 1945 contract negotiations with the Department of Telephones had also appeared on the older association's list of demands, clarified and refined over a decade of discussion with management. Consequently, when the UTWC met with telephone officials in spring 1945 to conclude a new contract, it brought to the bargaining table a clearly defined set of terms, presented in a comprehensive package to a receptive audience.

SaskTel Archives
Front cover of the 1945–46 Union Agreement, United Telephone Workers of Canada, Canadian Congress of Labour.



UNITED TELEPHONE WORKERS OF CANADA

CANADIAN CONGRESS OF LABOUR

Union Agreement

1945 :: 1946

Hardly had it been certified under the Trade Union Act and received its charter from the national CCL, therefore, than the newly constituted union signed its first collective agreement with the Department of Telephones, effective 1 May 1945.[97] Two days later, the SGTPEA held its final meeting "to wrap up ... affairs ... in favour of the United Telephone Workers of Canada, CCL, who, as a Union and having a signed agreement with the Department, taking the place of the existing signed agreement with the Department and the Association." After thanking the department for "their Co-operation in the past and for continued support in the future"—surely a hollow sentiment given the historical relationship between the two—the membership voted to turn over all correspondence, books, papers and remaining properties to the UTWC for reference. The business concluded, a last resolution passed, declaring "that from this date, the Saskatchewan Government Telephone Plant Employees' Association ceases to exist."[98]

As for the 1945 union contract, it established the generally cooperative spirit of labour-management transactions to come under CCF rule. According to the preamble, the agreement was signed "in consideration of the maintenance of harmonious relations and settled conditions of employment, ... recognizing the mutual value of joint discussions and negotiations on all matters pertaining to working conditions, hours of work and scales of wages."[99] Its several articles then granted provincial telephone workers virtually everything they had struggled for years to obtain from the previous Liberal administration with little success. Only cost of living was absent from the finished document.

Otherwise, noted the *Saskatchewan Commonwealth*, the general terms of the contract provided for complete seniority and promotions procedure with provisions for bidding by employees for higher-rated jobs,[100] permanency of employment after one year,[101] safety and health provisions, and a complete sick-leave system that allowed up to a year's paid leave for older employees. The terms also included double-time payment for holiday work,[102] a rotary vacation plan according to which all personnel were given three weeks off instead of just two as before under the Liberals,[103] streamlined grievance procedures,[104] and unpaid leave of absence of up to 27 working days per year for designated employees on union business without, however, any loss of seniority or superannuation rights. There was even a clause governing former staff who returned from active military duty to jobs with the provincial plant. This entitled them "to preference of employment on the basis of seniority accumulated during their [enlistment]."[105] The agreement further eliminated all substandard wages, some as low as $43 per month, and what UTWC spokesmen termed the "very vicious system" of demerit bars.[106] It provided, instead, a minimum basic wage of $75 per month with automatic pay increases every six months, as well as semi-monthly pay cheques issued "as promptly as possible," traveling allowances for those going from job to job within the system, and differential wage-rates for shift-work. There were specific provisions, too, for different classes of work, such as plant employees, outside gangs, clerical staff, warehouse workers and operators.

Most important of all, however, was that the department recognized the UTWC "as the sole collective bargaining agency covered and classified by this agreement." For that purpose it "may have the assistance of a representative of the Canadian Congress of Labour in any [future] negotiations or discussions."[107] Membership in the union consequently became a condition of employment with the Department of Telephones. Accordingly, the new contract provided for partial union shop with compulsory check-off of all dues, initiation fees and assessments, which were to be deducted monthly from employee pay cheques and forwarded to the UTWC.[108]

The *Saskatchewan Commonwealth* hailed the contract as "outstanding for being the first all-inclusive, or industrial, agreement for telephone workers in Canada." This meant, explained the paper, "that it applies to everyone of the 859 employees of the government telephone system, from clerical workers to janitors."[109] Alex McAuslane, vice-president of the CCL who assisted at the talks, was just as enthusiastic. He pronounced the result to be "a first-class agreement" and "a great step forward for telephone workers in Canada." He was impressed, moreover, by the "very high level [of discussion] ... maintained throughout the negotiations with the Saskatchewan Government."[110] Union representatives were similarly pleased. One unidentified spokeswoman stated in particular that "a great many inequalities and [past] injustices had been ironed out," especially with respect to promotions.[111]

With its organization, certification and contract now firmly in place, the early years of the association were given over to consolidation, as it reviewed the terms of the collective agreement, revised its agenda and defined its relationship with management. The first step in this process was to establish a head office at Regina for the Central Executive Council, from which all union business would be transacted. For this purpose, space was leased from George Thorne at 112 Westman Chambers, although not until April 1947 was the monthly rent fixed at $32 and a formal agreement signed.[112] This could be approved only by the federal Wartime Prices and Trade Board, which remained in control of commercial matters for two or three years after 1945 as the Canadian economy returned to a peacetime footing.[113] The office was outfitted, in the interim, with the usual furnishings, fixtures and equipment, with everything assured against fire by the Saskatchewan Government Insurance Office, yet another Crown corporation created by the Douglas administration in 1945.[114] Long before the first two-year lease expired on the Westman Chambers premises, however, it had become apparent that the UTWC required still more space for its meetings, records and business transactions. So in January 1948 the union began to investigate possibilities of moving its headquarters to 212 Northern Crown Building.[115]

In the meantime, the association organized its membership roles and accessed its precarious financial position. Two issues were paramount here. One was the problem of back dues. To be sure, the union's finances had strengthened enormously since its certification and recognition by the department. But it evidently still struggled during its first few months of existence, owing to a shortage of money. Consequently, the secretary-treasurer was authorized in October 1945 to survey the list of new members since 1 May. Anyone found to be in arrears of his monthly dues was to be notified of the amount he owed and asked to pay up.[116] After much discussion, this policy was extended even to armed forces personnel who returned to jobs with the Department of Telephones at the end of their enlistment.[117] The only exception to this general rule was made for union members on extended sick leave without pay. Their dues were suspended altogether until their return to work, in accordance with the practice observed by most chartered locals of the CCL.[118] UTWC efforts to collect back dues seem to have been only partially successful, however; for as of 1 January 1948 the Central Executive resolved to write off any arrears over $2 that were still outstanding.[119] By that point, the union's financial position was very secure, in any case. Although figures are unavailable for the period from 1 May to 31 December 1945, in 1946 it enjoyed a healthy total income from dues and other sources of $20,310.69, with assets valued at $6,896.24. This was more than adequate to cover the association's expenditures for that year of $15,342.10, and still leave an ample balance.[120] The UTWC's income appears to have been just as good, if not better, in 1947, judging from the ease with which it met its total annual expenditure of $15,606.89—only marginally higher than that of 1946.[121]

The other paramount issue emerged subsequent to the conclusion of the collective agreement for 1946–47. Certain categories of telephone employees were excluded, in short, from coverage by its provisions. As a result, the presidents of each local were instructed to contact all members affected by the new contract terms to ascertain whether they wished to retain their affiliation with the UTWC. In a related matter, the Central Executive contacted the Deputy Minister of Labour for information with respect to the status of employees who desired to join the union, but were barred from membership by the Labour Relations Board on the basis of the association's original certification.[122] Clearly, the executive was concerned by the prospect of losing members without the opportunity to enroll replacements at this critical juncture in the UTWC's early development. The results of their inquiries were not promising, however. Every member of Locals 2 and 3 who was excluded by the 1946 agreement canceled his affiliation, except for one person at Saskatoon who was undecided. The Regina members chose to wait for the

Deputy Minister of Labour's reply to the Central Executive Council's request for information before making their final decision.[123] What the outcome was is unknown, for the minutes never return to the issue.

Perhaps anticipating complications such as these, the union had taken certain small measures during the first two or three years of its existence that were to confirm its presence and establish its credentials as the sole bargaining unit for Saskatchewan telephone employees. Among the earliest initiatives in this regard was a competition announced in July 1945 for a union emblem or crest "to represent the United Telephone Workers of Canada, CCL." The winning entry would be displayed on union letterhead, as well as on buttons, pins and eventually even "emblematic rings."[124] The $10 prize went to T.C. "Bob" Howell of the Engineering Branch, Head Office, in September the following year. After some modest improvement of his original design, the Central Executive Council engaged the Saskatoon firm of "Crest Craft" to reproduce samples for presentation at the union's annual conference in January 1947; it was available thereafter at the modest cost of $1.40 per plaque.[125] Letters of thanks were sent, meanwhile, to those who had submitted losing entries.[126]

A similar competition had been held in October the previous year to name the UTWC's monthly newsletter.[127] Although it was founded in June 1946, the editorial board was not selected until the following February 1947.[128] The winning submission, *Union News*, was apparently thought to be so bland by the new editors, however, that they replaced it in August 1947 with the more imaginative (if quaint) title, *Telephone Topics*. At the same time, the publication was voted a $100 advance for operating expenses by the Central Executive (even though a single issue had yet to appear), probably on the assurance of the editorial board that the newsletter was almost ready for printing.[129] In fact, the cover design, back-page notes and editorial page had been prepared since the previous March. The problem was "the absence of news and notices from the field [which] would delay publication." Not even the formation of an editorial sub-committee at each local to channel news to the main board seemed to help.[130] In fact, the following September the latter was still complaining that no "official information had been received from Locals 2 or 3." Until more news arrived, the initial issue could not be printed. To fill some of the space, therefore, the editors contacted various members of the CCL's national executive to submit articles.[131]

The advantages of an in-house publication were obvious, of course. It opened direct lines of communication to all union members; it disseminated important information about UTWC activities; it kept employees abreast of negotiations with the government over contracts, wages and grievances; and it presented the association's viewpoint on issues of particular interest to labour. It served, in short, to build a closely connected network that united the various locals and their separate memberships into a single cohesive body with a common outlook. Hence, the UTWC was no different in this regard than any of Saskatchewan's political parties, all of which used newspapers of one kind or another to promote their policies and criticize those of their political opponents. The Liberals had used the Regina *Leader-Post* as their mouthpiece ever since the province's foundation, for example, while the CCF had established the *Saskatchewan Commonwealth* for precisely the same purpose. Though its significance was far more subtle, the adoption of a UTWC crest was equally vital. For if an internal newsletter like *Telephone Topics* helped to fashion a united community of interest, then a union logo helped to reinforce that sense of identity. Like a flag, company trade-mark or even badge of office, emblems are instantly recognizable and act as powerful symbols not just of an organization's integrity, but of its permanency, as well.

Another remarkable feature of the UTWC at this early date was its concern to provide qualified leadership for the association in years to come. Almost from the beginning, in fact, the union had encouraged its members to become more deeply involved in labour affairs by offering a cash incentive. Anyone who attended Central Executive Council meetings on his "assigned day of rest" was paid an honorarium of $5, starting in February 1947.[132] This initiative was promoted still further when a sub-committee of three officers was appointed at the same time to formulate an "educational leadership programme" designed specifically to groom interested personnel for membership on the union's executive.[133] The finished plan, submitted in March, addressed two main purposes: education for the current leadership, including shop stewards; and education for the members at large. The means to these twin ends was twofold. It involved, first, personal contact at the level of the individual local, where group shop-steward meetings were to be held regularly with periodic visits by council members to emphasize their importance to the union.

That contact was to be reinforced by the publication of "instructive" articles in the UTWC's newspaper or bulletins "along specific Telephone Union lines and broader Trade Union lines." Appropriate topics included: the history of the trade-union movement; the formation of industrial unionism; parliamentary procedure; general or specific clauses in the UTWC agreement; the purpose of check-off; the history and purpose of union seniority clauses; and the grievance procedure.[134] But, stressed the sub-committee, articles were to be "brief and to the point, with emphasis on attraction both in lay-out and material." It further recommended that the association keep information readily on hand with respect to the statistical history of telephone workers in Canada generally, and Saskatchewan particularly, "as well as data compiled of telephone employees' apparent relation to other unions."[135] After due consideration, the Central Executive not only adopted the program, but sent copies of the plan to the officers at each local for immediate implementation.[136]

Thus equipped from the beginning with a solidarity of interest, combined with experienced leadership, a clear vision of labour priorities and timely certification under the Trade Union Act, the UTWC possessed far greater confidence in defining its relationship with the government than the old SGTPEA had demonstrated during its first year of life. Indeed, the new association did not hesitate to remind a forgetful Department of Telephones, Deputy Minister and even Premier on more than one occasion "that the Union is the sole bargaining agent in connection with all employees covered by the agreement (and certification)," and furthermore that any accord between labour and management was to be reached through the collective bargaining process and not through private discussion with individual employees over grievances, working conditions and salaries.[137]

LABOUR RELATIONS, 1945-1964

In general, the union's relations with the department were amicable. Any differences between them centred largely on refining individual terms of the contract that had been agreed upon already, or clarifying particular policies and procedures with regard to seniority rosters,[138] grievances,[139] transfers or other matters.[140] In fact, the Central Executive's report on its meeting with department officials in mid-July 1945 over reinterpretations of the collective agreement just signed, reveals the union's priorities at this stage of its activities.[141] These included promotions, permanent staff, annual vacations,[142] returning veterans,[143] employee classifications,[144] seniority, working hours for specific categories of staff, half-price telephone rates for department workers and certain wage-related matters.[145] The UTWC also concerned itself with such simple matters as hotel accommodations for employees on the job, where sometimes forced to sleep two to a bed, and living conditions for operators, whose boarding houses were often ill-equipped with bathing facilities.[146]

On occasion, of course, there was friction between labour and management, but in general this appears to have been confined to those items that had formerly plagued the SGTPEA. One in particular was the department's tardiness in responding to union requests for new contract talks. Hence, in mid-June 1946 the Central Executive met with Minister of Telephones C.C. Williams, Plant Superintendent T.D. Leach and two other government officials with the purpose of laying

> *before the Minister and the Department the Union's position in respect to the delay in negotiations of a new agreement and to try to obtain from the Minister the assurance that negotiations would be commenced at the earliest possible date. The meeting was not productive of any such assurance and the [Executive] Council will now have to consider what further steps should be adopted in order that negotiations may be started.*[147]

To speed the process along, the union leadership resolved to submit their proposals for the next contract to the Minister, Deputy Minister and Premier, as well as to all three locals.[148] But they were still waiting for the department's response in mid-September, when the Central Executive visited various points in Saskatchewan to present their recommendations to the membership.[149]

Another issue that appears to have divided management and labour was the still-unresolved problem of vacancy postings within the provincial plant. To begin with, the UTWC insisted "that all new positions created by the Department should be negotiated with the Union as to salary, etc., before the vacancy [is] posted." It also requested that all applications for such openings be funneled through the Deputy Minister to centralize procedures. Hitherto, complained the Central Executive, there had been "no uniformity in this regard." Some job postings had required applications to be submitted to the Plant Superintendent, others to the Chief Operator, and still others to the Deputy Minister, thus creating confusion. Deadlines were another source of difficulty. "Is it a fact that applications for posted vacancies have been received and accepted after the closing date?" asked the UTWC, wanting to know the department's policy "with respect to future applications of this nature." By the same token, it continued, had "the Department at any time requested an employee to make application for a posted vacancy," thus giving an unfair advantage? The Central Executive planned to raise these concerns with telephone officials at future meetings. In the meantime, it wanted the names not just of successful candidates for all future job vacancies, but of every union member who also applied for these posts.[150] A decision on these items was still pending a year later, however, when a frustrated executive agreed that all pertinent correspondence with the Deputy Minister was "to be kept in mind during our next [contract] negotiation."[151]

But this larger kind of problem appears to have arisen infrequently between the UTWC, the Department of Telephones and (after 1947) SGT, during the Douglas administration's 20-year term in office. Most disputes involved relatively minor grievances lodged by individuals or small groups of employees that were resolved quickly on a case-by-case basis. One, for example, concerned Frances Swarbrick, an operator at Moose Jaw who was dismissed in 1954 for destroying the toll ticket of a customer carrying a $27 long-distance call to Toronto. When union representatives interceded on her behalf, contending "that the case did not warrant such severe action," the Board agreed to reconsider its decision.[152] (The outcome was not recorded, however.) Another grievance concerned the scheduling of nine operators at Prince Albert to work on Monday, 11 November 1963—a holiday guaranteed in the collective agreement—only to have eight of them told not to report for work, after all. The General Manager denied the UTWC's allegation that this constituted a breach of contract; even so, he offered, without prejudice, a half day off to the operators affected with no loss of wages. The union's counter-request for a half day's pay instead was approved by the Board, which nevertheless endorsed the General Manager's interpretation of the grievance.[153]

The directors were less willing, however, to compromise on the issue of leave of absence for employees who traveled out of province on union business. This matter first arose in 1960, when the UTWC sent three members to assist in organizing Manitoba's telephone operators. To be sure, leave of absence had been granted readily in the past, according to Article 5 of the original collective agreement. In 1946, for example, Frank Forsythe had applied for and received a three-day leave to update the association's accounts after returning from his vacation. The Central Executive Council agreed, in return, to reimburse him for any loss of wages this might entail.[154] During his presidency of the union from 1945 to 1948, C.G. Palmer had similarly been awarded leave of absence on repeated occasions, sometimes for as long as a year.[155] That was extraordinary, considering that the contract permitted a maximum of only 27 working days during any calendar year. But both men had remained within Saskatchewan. After much discussion, SGT's Board of Directors resolved that the three employees delegated to Manitoba in 1960 could keep their engagement. They were given just two weeks' leave, however, instead of the three allowed by the agreement, and only then "on condition that it not be considered a precedent in this matter." Furthermore, the Board agreed "that the union be informed of Management's concern over the operating difficulties created by frequent requests for leave of absence." When the UTWC appealed the decision, adding a fourth week to its application in the same breath, the directors reconfirmed their position, stating emphatically that this did not come within scope of the contract. They also advised the association "that no more leave of absence would be granted for any purposes until the matter is clarified when the contract comes up for negotiation."[17] Thus concluded the issue.

Like the other grievances summarized above, this clash over leave of absence was relatively minor and needed only a sharper interpretation of Article 5 to avoid future discord. Occasionally, though, more serious disputes emerged that could not be resolved so easily. Some required arbitration, as in February 1954 when Roy F. Ruemper, Cy H. Pirie and H.G. Buch began grievance proceedings against "the System" in a dispute over promotion to Exchange Supervisor at Saskatoon, for which all of them had applied. Although junior to these three men, J.H. Gardner was selected following the usual posting procedure as outlined in the collective agreement. The union contended, however, that one of the plaintiffs should have been given the promotion on the grounds of seniority. To defend its choice, management quoted Clause 2 from Article 10, Section 1, of the current contract. This stated, in part, that "new positions or any vacancies, where postings are required, shall be filled on the basis of seniority, merit and ability being sufficient to perform the duties required for the position to be filled." According to a "Letter of Interpretation" signed by both management and labour on 7 May 1951, it was further agreed "that seniority shall prevail in some of the lower level positions which do not require so many skills," though on occasion personality or physical condition were necessary considerations. Yet the letter acknowledged also that "some of the higher level positions do require skills, experience, and knowledge that are pre-requisites to promotion and constitute minimum qualifications" regardless of seniority.[18]

Because of the rapid growth of the provincial plant, a dispute of this nature was bound to erupt sooner or later. Telephone crews were growing larger, districts were expanding, and the amount of work was steadily increasing, not only at larger urban centres like Swift Current, Yorkton and Weyburn, but around smaller places, too. At the same time, SGT also began to experience considerable difficulty with some of its first-line supervisors, who were incompetent. Yet owing to their membership in the union, whenever their applications for more responsible positions within the system were rejected, they could appeal management's decision through arbitration on the grounds of seniority.

To resolve this problem, Gillis McCormick, who was by then Plant Personnel and Safety Supervisor for SGT, had met earlier with UTWC president John Lax to whom he made three suggestions: that a local headquarters be established in the smaller provincial centres to handle the immediate area; that incompetent supervisors be transferred permanently to these towns, where they could do little harm; and, finally, that they be taken out of scope of the union. Similarly recognizing that these low-level supervisors were difficult to handle, while also acknowledging that it was never pleasant to expose employee shortcomings through arbitration, Lax agreed to the proposals. But this important improvement virtually collapsed in the face of the 1954 case. According to McCormick, a large part of the breakdown was owed to the poor interpersonal skills of S.B. Medhurst, the current superintendent at Saskatoon and future General Manager of SGT, who had worked with all three plaintiffs.[19]

At all events, it was management's contention that none of the plaintiffs possessed either the merit or ability needed to be Exchange Supervisor. The intent of the Letter of Interpretation, it argued, was

> *that seniority is not as important a consideration in the higher positions as it is in lower positions and we are dealing with the highest position of them all. In addition, it is quite clear that we are entitled to abilities which will give us more than just "get by" performance. The three senior men do not have such ability.*[159]

Although SGT admitted each man's dedication to his work, all three were described as lacking in initiative and, despite years of experience, failing to obtain a comprehensive grasp of the essentials of the job in question. They were neither "good equipment" men, nor had they the capacity "to understand the complicated circuits which we must deal with." Finally, none of the plaintiffs was considered capable of grappling satisfactorily with emergencies or unusual situations.[160] An Exchange Supervisor needed all of these qualities, as well as the ability to train, direct and handle the personnel under his supervision; to grasp thoroughly all phases of central office equipment; and to cope with new technologies and changing conditions as they emerged.[161]

It is significant that management's position on the case related directly to the rapid pace of telephone development that characterized the industry in the post-war years, especially the 1950s, and the prevailing dearth of qualified personnel, owing to the lack of a large labour market.[162] The provincial plant could no longer afford to rely on "get by" staff (to use management's term) if it were to grow, as it had been required to do since the Depression and during World War II, when so many employees had left public service to join the armed forces. In 1954, the need for competent personnel was especially acute at the main exchange in Saskatoon, where the latest dial equipment was currently being installed as part of the province-wide program. But the seniority clause too often prevented SGT from hiring the most qualified men to fill vacancies. "I want to make it very clear that we do not look for the best applicant," complained S.R. Muirhead at the grievance hearings. "We are not allowed to under the Union Agreement!"[163]

The UTWC's position, on the other hand, was that management had failed to demonstrate through "clear and unequivocal evidence" sufficient cause to bypass three more senior employees in promoting a junior man to Exchange Supervisor. This was an apparent violation of the collective agreement. Also, when one considered the plaintiffs' service records and years of experience, the charge that they lacked "sufficient initiative" was hardly "a basis on which to condemn a man." Seniority was thus the only valid consideration in selecting the successful candidate, in accordance with the established rules. "You have better dealings and relations with Management through a Contract," affirmed the union's legal counsel, Morris Shumiatcher:

> *It depends too upon the seniority not only in retaining the job, but the seniority in the ability to improve ourselves in our employment and our status in life. That is why seniority clauses are so important. There is no doubt that the most senior should be covered in this [particular] promotion.*[164]

In the end, Stuart M. Jamieson of Vancouver, BC, who acted as arbitrator in this case, decided in favour of the three plaintiffs. Acknowledging "that differences between unions and employers over the interpretation of 'seniority-plus-ability' clauses in union agreements are the most difficult type of labour dispute to settle satisfactorily," he noted that the key source of contention in the current grievance was "that in contrast to most collective bargaining agreements, a supervisory position has been placed under union jurisdiction and subject to seniority."[165] Ordinarily, admitted Jamieson, he would accord greater weight to management's than to labour's judgment as to the competence of employees seeking promotion to a supervisory position, which required special skills and abilities. But "where management does agree to the seniority principle in promotions, it thereby sacrifices its right to promote men to certain categories of jobs solely according to their special ability or fitness for jobs."[166] Thus, seniority rather than ability was and should be the governing principle in this case. Meanwhile, the few incidents listed by management to disqualify the three plaintiffs from promotion could not be taken as indicating incompetence in view of their service records. Complicating matters, moreover, was a basic contradiction between principle and practice in Article 10, Section 2, of the contract and the Letter of Interpretation, "at least as they are now worded."[167] At all events, Jamieson recommended that Cy Pirie, as the most senior man, "be given a probationary promotion to the position of exchange supervisor now occupied by Mr. Gardner, for a period of two months." That should be long enough, asserted the arbitrator, to demonstrate clearly Pirie's competence or incompetence for the position, as the case may be, to the satisfaction of management and labour alike.[168] Jamieson further recommended that a joint committee be established to draft a clear set of guidelines by which to measure competence more exactly in future.[169]

Depending upon whom one asks, either management or labour won the case. Gillis McCormick contends, for example, that it was ultimately a union victory. On the other hand, Ralph Wyatt—who rose steadily through UTWC ranks practically from the day of its foundation in 1947—claims it was a union defeat.[170] Neither man disputes, however, that Morris Shumiatcher's arguments on behalf of the three plaintiffs became textbook material, to the point that the transcript of the proceedings itself acquired almost immediately the status of a training manual used by many unions "for years and years" in both Canada and the United States, because of its adaptability to particular situations.[171] The results of the Saskatoon case were important, furthermore, for creating a different atmosphere in SGT's labour relations. So even Ralph Wyatt is now forced to concede that the union was the winner, in fact, over the long term.[172]

Though grievances such as this could be rancorous and have important repercussions for contract negotiations later on, they were usually of short duration and relatively easy to resolve. Otherwise, remarkably few major disputes erupted to poison the generally good relations that existed between labour and management throughout the Douglas administration. Prior to 1954, in fact, the two sides managed to reach agreement with little apparent difficulty even over the potentially contentious issue of employee pay raises. In this respect, SGT was especially generous. In 1951, for example, General Manager S.R. Muirhead reported that a satisfactory accommodation had been concluded with the union, which incorporated increases in wages totaling approximately 14 percent.[173] Though management agreed to pay raises amounting to only half as much the next year, the Board of Directors nevertheless approved a 7 percent wage hike for all employees except plant employees, who were accorded an increase of 8.5 percent.[174] In 1953 this figure dropped again to an average of 5.5 percent, but included approximately $20,000 toward adjustments and various fringe benefits.[175]

The situation changed a year later, however, when the provincial cabinet, having

> *considered the matter of wage increases for employees of Crown corporations and the Public Service, ... agreed that the overall economic position of the Province did not warrant any general wage increases for such employees."*[176]

As a result, negotiations over the new contract for 1954–55 soon stalled between SGT and the UTWC, which had grown accustomed to regular pay raises during previous years. Doubtless because of its desire to make up for this loss, the union also rejected the terms initially offered by management for the collective agreement of 1956–57. Eventually, though, an accommodation was reached, which provided for an estimated 4 percent raise in wages across the board, along with other benefits.[177]

Thereafter, the lines appear to have hardened between the two parties, at least as far as the pay schedule was concerned. Negotiations between December 1962 and January 1963, for instance, almost deadlocked before a tentative settlement was reached by both bargaining teams on a two-year (as opposed to annual) contract. But the union's coordinating committee rejected the terms, requesting instead that the talks continue. SGT's directors complied, but made it very clear that management would make no offers in excess of those already authorized by the Board, within very specific limits set by the Government Finance Office. Finally, after more than 10 meetings and a brief recess to avoid further stalemate, a two-year contract was concluded that incorporated a general salary increase of 3.9 percent for 1960-61, and 3 percent for 1961–62.[178]

Disagreements over wage schedules could lead to more serious contention, of course, and possibly culminate in strike action. Yet there is no evidence to suggest that relations between SGT and the UTWC came anywhere close to that result during the Douglas administration. Like the redress of grievances, debate over pay increases or other terms—involving stalemates and the need sometimes for arbitration—are the stock in trade of every management-labour negotiation. One explanation for the spirit of cooperation that characterized the union's transactions with the CCF government was that open lines of communication were maintained between SGT and the UTWC. To be sure, admits Ralph Wyatt, who became a full-time union executive in 1964, "we had difficult periods." But, he hastens to add, every issue was ultimately resolved. For "we were always able to keep the pressure on, and [to] keep bring the issues up."[179]

After signing each new contract, for example, the minister, management team and UTWC negotiators used to go for a social drink, during which it became standard practice to ask exactly what the union wanted. Wyatt—who was often present—confesses, however, that "they didn't have to ask me, because I was always planting the seeds right there; that we didn't get this [item in the new agreement], but next year we'd be back." Almost every week, in fact, he took some issue to management as a means of keeping discussion going and of obtaining desired ends. At times, SGT attempted to sidestep the union's demands for better pensions, higher wages, longer holidays, enhanced insurance benefits and so on, by claiming helplessness in the face of government policy. Occasionally this was true. But, notes Wyatt, "you weren't so sure"; so it was sometimes necessary for the union to exert "a little external force." Yet relations remained very good, on the whole, because the two sides were able to talk to each other.[180]

Another foundation for cooperation was SGT's backing for a wide variety of employee interests, both job related and extracurricular. This had not always been the case, however, Prior to c. 1950, employees had organized their own activities outside work without backing either from the former Department of Telephones or the Crown corporation. They had formed their own curling leagues, intermural baseball teams and so on, using their own resources. among the most popular events, recalls Frank Degenstein, were employee dances held at the Trianon Ballroom in Regina, which were called "cabarets" because alcohol was served.[181] The North Battleford office acquired an even better reputation not only for its Yuletide parties, remembers Don Robson, but also for its fellowship, which was extraordinary.[182]

Eventually, however, SGT began to underwrite a variety of staff activities. This support ranged from casual matters like a Board contribution of $1,000 in 1961 to fund the formation of a company choir,[183] to more meaningful gestures such as the sale of the plant's used automobiles on advantageous terms to SGT personnel (or the purchase of new ones when needed for job use),[184] reduced telephone rates for employees—including superannuates[185]—and separate treatment for plant employees under the provisions of the Workman's Compensation Board.[186] In 1950, management began the policy of absorbing the cost of staff Christmas parties up to a specified amount per person.[187] Five years later, management even approved plans for annual banquets at Regina, Saskatoon and Moose Jaw respectively in recognition of employees who had 25 years or more of service. Those honoured would receive "a suitably engraved watch valued at $50 and a button," to be presented by the Minister, General Manager or Plant Superintendent, depending upon the venue. The corporation also undertook to pay the traveling expenses of those employees and their spouses to the appropriate banquet centre if they lived out of town, and even of those who had left their job in the meantime. The initial cost of the scheme was estimated at $15,000 for 1955, but expenses were expected to decline in subsequent years.[188]

Significantly, both banquets and presentations were to take place at the annual meetings of the Telephone Pioneers of America,[189] an association warmly endorsed by SGT. Although founded in the United States near the turn of the twentieth century, not until 1947 was it first suggested to form a chapter of the organization in Saskatchewan. The idea appears to have originated with some staff in the provincial system, who proposed it to the union in March.[190] The UTWC then approached the General Manager of SGT, who was initially hesitant about the scheme. While S.R. Muirhead recognized "that this was primarily a matter for employees [he] undertook to obtain further information on the possible cost to the System by way of applications for grants in the light of experience in Manitoba and Alberta," where chapters had been founded earlier.[191] Soon after, however, the Board of Directors announced that it "had no objection to the formation ... of a branch of the Telephone Pioneers of America on the basis of a purely social organization," and voted a grant of $100 toward the costs of its first annual convention in May 1948.[192]

SGT contributed to the Pioneers regularly thereafter, increasing the amount of its grant with every passing year until it had reached $500 in 1964.[193] Nor did this policy change under successive régimes, even though the corporation resolved that this money was not to be considered a "proper" (that is, formal) part of its employee relations.[194] In fact, the Board authorized a grant of $4,755 to the Saskatchewan Chapter (No. 59) of the organization in 1983, just twelve months into the mandate of Grant Devine's newly elected Conservative government.[195] SGT also arranged for check-off from employee wages once a year for payment of dues to the Pioneers on request of members who wanted it.[196] On a recommendation of the General Manager in 1962, the Board further agreed to grant a paid leave of absence for two delegates to the General Assembly of the association, an event that normally required five days off from work.[197] It was upon such foundations as these that good employee relations were built and the spirit of cooperation between the union and SGT was fashioned.

FROM SASKATCHEWAN ROOTS TO CANADA-WIDE: THE UNION MATURES

Arguably the most significant achievement of the UTWC was its transformation from a provincial into a national labour organization that embraced all telecommunications workers across the country. This was not an afterthought that evolved only as the union established itself more securely in Saskatchewan. On the contrary, it appears that from the date of its inception the founders of the association had this goal already in mind. The speed with which the Central Executive Council approached other unions in western Canada for this purpose, once its first contract with the Department of Telephones was signed in May 1945, certainly supports this conclusion. The idea was doubtless also inspired by the UTWC's close affiliation with the Canadian Congress of Labour, which both approved and encouraged the initiative.

The campaign began in October 1945, when the Saskatchewan union asked that the Federation of Telephone Workers of British Columbia (FTWBC) give President C.G. Palmer a hearing on the matter of affiliation with the CCL, "in order to promote a federation of all telephone workers in Canada."[198] As early as mid-July, the UTWC had broached this subject with R.H. Milner, head of the BC association, as the preliminary step in the creation of a nation-wide telephone union.[199] After all, once chartered by the CCL it would be a relatively simple task to forge the various provincial bodies into a single organization under the constitutional umbrella of the larger labour congress. For precisely this reason, the UTWC appealed strongly to the CCL the next year, requesting that it encourage the formation of similar unions in other jurisdictions.[200] That the BC association was initially hesitant to commit itself to the scheme, however, is indicated by Palmer's personal visit to Vancouver in 1945. Its reluctance is suggested still further by his letter the following April 1946 to Pat Conroy, secretary-treasurer of the CCL, proposing a closer affiliation between the Saskatchewan and B.C. unions with his support.[201] Later that October, the UTWC followed up these actions by sending the members of its Central Executive Council to represent the province at the annual conference of telephone employees, hosted by the FTWBC in Vancouver on 4–8 November, specifically to promote a Canadian Federation of Telephone Workers.[202] There was a concerted effort, in short, to bring the BC union into the CCL fold by means of closer alignment with its Saskatchewan counterpart, as the cornerstone of a countrywide organization.

During the same two years, meanwhile, the UTWC strengthened its own ties with the national body and formed new ones with corresponding provincial organizations. For example, the Central Executive Council kept Dr. Eugene Forsey, president of the CCL, fully informed of its negotiations with management over new contracts, and even reported on its meetings with telephone officials to the organization's newspaper, the *Canadian Unionist*.[203] The Saskatchewan association also sent delegates to the CCL's national conventions at union expense, and as a show of support readily affirmed any increases in the monthly per-capita dues it paid on behalf of the membership at all three locals, which were voted at these meetings.[204] At the same time, the UTWC obtained copies of collective agreements from its sister associations in Alberta, British Columbia, Ontario and Quebec,[205] as well as from the CCL's general organizer, R.G. Geddes, who was asked for samples of any contracts or wage schedules he had on file with reference to telephone plant, traffic and clerical workers.[206]

These measures served several useful ends beyond the obvious one of providing the UTWC with examples of different collective agreements for comparative purposes when negotiating new terms with SGT officials. For such actions also put the Saskatchewan union into direct contact with its provincial counterparts across Canada. That helped to create, in time, a network of communications among them as the basis for the development of a united community of interest that could be expressed through a national federation of telephone workers under the auspices of the CCL. Already by 1946 these links were being forged, as the Central Executive Council received letters from Bell Canada's Telephone Plant Employees' Association that proposed the publication of a general bulletin for telephone workers from east to west.[207]

The UTWC's emergency contributions to the strike funds of various unions during the same two-year period served a similar function, by reinforcing solidarity with the CCL. Among the labour organizations to benefit from this support were the Union of Electrical, Radio and Machine Workers, the United Steel Workers of America and the United Auto Workers of Canada, none of which had any relation to the telephone industry. Donations ranged from $25 (the usual sum) to $100, and could be made repeatedly, depending upon the strikers' need or the length of their walk-out.[208] The Nova Scotia branch of the International Union of Mine, Mill and Smelter Workers (to give just one example) asked for and received at least six separate contributions during its long strike in 1946–47.[209] The UTWC also pledged $250 to the relief fund of the Saskatchewan Federation of Labour the same year. To collect the money, union dues were increased by 25¢ per member. Once the designated sum was reached, any surplus was reserved not only to meet future appeals for emergency aid, but also to provide the UTWC with a strike fund of its own.[210] Significantly, however, the association resolved that no donations would be made unless the walk-out in question was endorsed by the CCL.[211] Consequently, when the Prince Albert Wood Workers' Union asked for help during its unauthorized strike in 1946, the UTWC rejected its appeal.[212]

Meanwhile, the association continued to increase its membership and expand its organization. The employees of the Northern Electric Company, one of the chief suppliers of telephone equipment to the Saskatchewan system, contacted the Central Executive Council in 1946 about the possibility of organizing with the UTWC.[213] At the same time, Locals 2 (Saskatoon) and 3 (Moose Jaw) received requests from union members at Prince Albert and Swift Current in their respective districts to establish sub-locals. "The Central Executive Council are gratified to hear that this is taking place," reported the association's minutes, "and will be glad to do whatever they can to assist ... in the organization of such sub-locals." The executive acknowledged the requests, therefore, and authorized Locals 2 and 3 to begin correspondence with the members at both centres.[214] Not long afterward, permission was also granted to form a third sub-local at North Battleford, in accordance with a proposal presented at the UTWC's annual conference in early January 1947.[215] This was followed by the official formation of union Local 4, Northern Electric, at Toronto later the same year, together with the UTWC's close involvement in the preliminary organization of Manitoba's telephone workers at the behest of the CCL.[216]

Developments such as these effectively expanded the association's presence well beyond provincial boundaries.[217] So rapid was this growth both inside and outside Saskatchewan, in fact, that Roy Ruemper, president of Local 2, "brought to the attention of the Central Executive Council the possibility of extension of the Union to include what are now known as Rural Companies, should the possibility arise that they become part of the Department of Telephones." It was precisely at this time, after all, that the government seriously contemplated taking over the farmers' systems until discouraged by the enormous cost that this plan would involve. At all events, "much consideration was given to this subject," in light of future contingencies, "and the Central Executive Council would keep a close watch on the situation."[218]

With this groundwork in place and the organization growing steadily, the Union's executive decided that the time had come to hold a formal referendum "of the membership of Locals 1, 2 and 3, as to the advisability of participating in the formation of a Canadian Federation of Telephone Workers with a view to amalgamation" with similar associations across the country. A bulletin was to be prepared by an *ad hoc* committee appointed for the task and mailed to all members, with a ballot, to explain the vote. H.M. Jones was named returning officer; all ballots were to be received by him, placed in a sealed box, and not counted until authorized by the Central Executive to do so. The forms were to be sent out no later than 15 March 1947, and returned no later than 1 April.[219]

In all, 964 ballots were mailed to the general membership. The outcome of the referendum was by no means a foregone conclusion, though, given some opposition to the proposal. Already there had been complaints, for example, that both sides of the question whether to form a national organization of telephone workers were not reported equally in the proceedings of the UTWC's annual conference held earlier in January. At the time, C.G. Palmer, who favoured the resolution and otherwise gave no reasons for his response, replied merely that "his local [no. 1 at Regina] had prepared the minutes and it was inadvisable to print all the remarks" made at the convention.[220] Pat Conroy also had written in February to warn that even if the referendum passed, there was no guarantee that the proposed federation would become a chartered member of the CCL.[221] This was a curious statement to make, considering that body's endorsement of the scheme in the first place. Yet despite the uncertainties, the motion carried. Of 458 ballots returned to H.M Jones by the 1 April due date, 330 were cast in favour of a nationwide organization and 128 were cast against it.[222] Immediately after the votes were tallied, the executive officers wrote to the FTWBC at Vancouver to announce the victory and to inquire, as well, into the progress that had been made so far with respect to framing the "first objective principle of [a constitution for] the proposed Federation."[223]

From this point forward, the pace of events accelerated. At a subsequent meeting of 7–8 June, the UTWC's Central Executive Council passed three resolutions. One was to obtain all available information from the FTWBC as to which group of workers within its ranks had the mandate to attend the meeting of telephone unions planned for later in the year at Kenora, with a specific view to creating a national federation. The second resolution appointed a committee to attend the convention on behalf of Saskatchewan labour, should the UTWC elect to participate in the projected federation. That depended upon the results of the discussions. The third resolution prohibited any delegation from Locals 1, 2 or 3 from amalgamating independently with other workers' groups attending the Kenora convention. At this point, Pat Conroy, who was present at the June meeting, suddenly offered that the UTWC itself be accorded the status of a national union with per capita dues of 5¢ per month for each local associated with it.[224] This could shorten the whole organizational process.

The Central Executive apparently found Conroy's proposal so attractive that in August it invited the FTWBC and the various Manitoba telephone associations to meet under its sponsorship. Planned at Regina for 15–17 October, the express purpose of this gathering would be to form a joint committee to pursue the organization of a National Union of Telephone Workers affiliated with the CCL. Delegations were not to exceed four persons, and each was to include at least one representative from the plant, traffic and clerical branches of the three provincial systems. At the same time, the UTWC contacted Pat Conroy, asking him "to keep us in touch with the development of organization within the telephone industry in the United States, toward the CIO [Committee for Industrial Organization]" as a potentially useful model.[225] To speed matters along, meanwhile, Elma Hannah and S. Harman were dispatched to Winnipeg to discuss the October meeting with union leader Henry Peters.[226] Hardly a month later, Hannah was also seconded to the staff of the CCL, thus adding to her other responsibilities as vice-president of the UTWC (since January 1947) and, eventually, general editor of *Telephone Topics* (starting in January 1948).[227] Her particular role was "to develop a strong organization in telephones in Saskatchewan, and to extend [the] organization of Telephone workers wherever possible."[228]

The Regina conference did not occur as anticipated, however. Not only did the FTWBC decline the invitation, but it also appears that a separate convention was held at Winnipeg on virtually the same dates to proceed to a national organization—the Telecommunications Workers' Union—through different means from those proposed by Saskatchewan. Consequently, when invited to participate at the rival meeting in turn, the UTWC refused, even if C.G. Palmer expressed his hope that the relations his union had developed already with the associations in the other two provinces would not be damaged.[229] Instead, the Saskatchewan group moved forward with its own plans for a Federation of Telephone Workers in Canada, which were discussed at its next annual meeting in Saskatoon on 6-8 February 1948. The keynote speakers were to include a representative of the CCL (possibly its Western Regional Director W. Mahoney) and a member of the provincial cabinet. Premier Tommy Douglas was also invited to attend the convention banquet, while General Manager S.R. Muirhead was likewise asked "to say a few words."[230]

Owing to the tireless efforts of its executive officers and the commitment of its members in the face of these setbacks, the Saskatchewan-based UTWC soon transformed into a national organization. For on 24 February 1950, its certification changed as it became an area of the Communications Workers of America (CWA). At the same time, the indefatigable Elma Hannah of Saskatoon was appointed as a special representative to the US-based organization, with a voice (but no vote) on its International Board. Reporting directly to her were John Lax in Regina, Bert Renaud in Montreal, and Albert Harris in Toronto. Eight years later, a majority of the UTWC's locals agreed to create a separate Canadian District (no. 10) of the CWA. The Canadian caucus of the latter organization officially passed a motion to this end in 1958, with John Lax becoming the new-born district's first director.[231]

The union, whose subsequent history can be summarized quickly from this point forward, continued to grow and mature. To begin with, the passage of new federal pension legislation in 1967 launched a series of events that ultimately led to the foundation five years later of yet another national association. The process began with the formation of a self-supporting Canadian Communications Workers Council (CCWC). This body, conceived as a transitional step at a conference of Canadian CWA locals in Toronto during the country's centenary, was subsequently approved by the parent organization. For the next five years, the council concerned itself with administering the business of the CWA in Canada. It was, in effect, a "half-way-house" to permit the Canadian members to manage their own affairs as if they were a separate Canadian union, while retaining the safety net of belonging to the larger CWA during this period. Another important part of the transition process was an effort to attract other telephone employees in the country to join in any eventual move to form a Canada-wide union for communication workers. In the meantime, the CCWC worked at organizing labour in other Canadian telephone companies and services within its jurisdiction. Only then was it ready to undertake preliminary measures for the creation of a genuinely national telecommunications union for the country.

The process was launched in June 1971 at Val-d'Or, Quebec, where a committee was elected with three principal tasks: to organize an inaugural convention within the next 12 months; to prepare the ground for the eventual transfer of bargaining rights in conjunction with CWA headquarters and the Canadian local unions; and to build on the work already underway to forge closer ties not just with the Telecommunications Workers' Union (TWU) in British Columbia (formerly the FTWBC), but with anyone else who could be attracted to the cause. Owing, no doubt, to Saskatchewan's prominence in these proceedings, four of the committee's seven members were chosen from the province: Art Darlington of Saskatoon, Garry Simons of Regina, Ray King of Moose Jaw and his colleague Ralph Wyatt, who was also secretary-treasurer of the CCWC and "a pretty smooth operator," according to Gillis McCormick.[232] Shortly after, the CCWC made overtures to the TWU, which had become more amenable to an association.

In pursuit of that goal, representatives of the two groups met at Edmonton on 29 October, where they appointed a joint commission comprised of the original seven-person CCWC committee and delegates from the TWU. Its principal task was to organize yet another structure, subsequently called the Canadian Federation of Communications Workers (CFCW), which did not constitute another union. It was intended, instead, as a federation of unions to bring the CWC together with the TWU. It eventually also included the Canadian Office Employees Union (COEU), which represented a group of Northern Telecom office workers in Quebec. As an umbrella organization, the CFCW produced a newspaper for the membership of all three groups under its association, provided research on regulatory issues, and represented its three constituents at the Department of Communications and other federal regulatory bodies. The CFCW also established a relatively small, common strike fund. It did not provide affiliation, however, with the Canadian Labour Congress, as is sometimes alleged.[233] Membership in the latter was maintained separately by the CWC and the TWU.

In the meantime, the committee appointed at Val d'Or in October 1971 met at Regina early the following year to draft a constitution not only for the CFCW, but one also for the CCWC as the first step in transforming that body into a fully national organization affiliated with the CLC. Also for that purpose, general meetings were held at the various locals across Canada over the next few months to consider the proposal, elect representatives to the inaugural convention planned for 6–7 April 1972 at Saskatoon, and compose resolutions. That conference, attended by 30 delegates representing 4,000 members in nine locals, began with the adoption of the constitution drafted the previous January. With that act, the Communications Workers of Canada (CWC) was born. The meeting next turned to the enrolment of members in the fledgling association and the election of executive officers. That Fred Pomeroy of Regina was voted the organization's first president and Ralph Wyatt was retained as secretary-treasurer attests to the prominent role played by the Saskatchewan membership in these events. In the aftermath of the convention, individual locals made charter applications and proceeded, as well, to transfer bargaining authority from the CWA to the CWC.[234] Saskatchewan's three locals made the transition the following September. Then, as of 1 January 1973, the CWC became affiliated officially with the CLC.[235]

The newly constituted national union focused thereafter on organizing labour in more jurisdictions, such as the Telephone Answering Service and TR Services Local 18 in Toronto, Cook Communications Local 17 in Winnipeg, Lenkhurt Electric Local 19 in Saskatoon, and Northern Electric Local 19 in Regina. It also conducted a number of successful strikes. Yet undoubtedly its two crowning achievements over the next decade were the organization of the Bell corporation's 14,000 Craft and Service employees in April 1976, followed by the certification of its 7,500 operators in 1979.[236] These successes were facilitated by the CFCW, which helped to involve the TWC with the CWC in organizing such major campaigns at Bell Canada. Thus by 1982, when efforts by Pierre Trudeau's federal Liberal government to legislate away many of the union's gains prepared the ground for a subsequent "concessions battle" on the national stage, the CWC not only had grown from a mere 4,000 members in 1972 at its original inception to over 28,000,[237] but had become labour's principal mouthpiece in Canada's telecommunications industry.

CHAPTER THIRTEEN

In Perpetual Motion: From Analog to Digital, 1964–1982

In 1951 and again in 1958, SGT reviewed its achievements since the end of World War II. Like other telephone companies, the government-owned plant had found itself heavily burdened in 1945 with scores of prospective subscribers waiting for service and overloaded long-distance facilities in many areas. Although the System had engaged in a major construction program from that time forward "to overcome the deficiencies," it had been difficult to resolve all the problems owing to the "phenomenally high demand for new services on top of the wartime backlog." Indeed, both factors had created a situation that rendered it beyond the capacity of the whole telephone industry—let alone SGT—"to supply facilities quickly enough to meet all demands promptly."[1]

Under the circumstances, the Crown corporation's accomplishment over the next decade was all the more remarkable. Already by 1951 it had spent $18 million on construction that only covered additions and changes to the plant. Even so, this capital expenditure far surpassed the ordinary costs of maintenance and operation, and it continued to grow. To meet burgeoning need, meanwhile, the system also had expanded its facilities of all kinds, including buildings, central office equipment, distribution plant, telephone sets and long-distance lines. As a result, between the war's conclusion and 31 December 1951, the public system had managed to increase the number of local stations from about 50,000 to 85,455.[2] About 30,000 circuit-miles of long-distance were also added to the network during the same interval. "In assessing these results," noted SGT's *Annual Report* for 1951,

> *it should be remembered that the greater part of this work has been done in the later postwar years as material was very difficult to get earlier. A constant, strenuous effort has been required from the staff of the System throughout this period to complete all this work. Some conditions of overload and the difficulties in making provision for a rapidly growing staff have made for trying working conditions in certain places. In spite of this, a tremendous amount of work has been accomplished. It is certainly a pleasure to pay tribute to the skill, energy and devotion to duty which has been shown by the staff of Saskatchewan Government Telephones.*[3]

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Stuart R. Muirhead, General Manager 1948–1953, 1953–1959

But developments during the remainder of the decade were, if anything, more impressive still. By 1960 there were 183,301 local telephones connected to the provincial plant, representing an increase of 97,846 since 1951. In addition, 146,010 of these sets were dial operated as part of SGT's accelerated program to convert all government-owned exchanges to automatic, round-the-clock service by 1970.[4] Also for that purpose, in 1955 the "2-5" number system was implemented in Saskatchewan for the first time, followed by the introduction of the "All Numerical Dialing" plan in 1960, starting at the Canora exchange. The same year, more than 10.2 million long-distance telephone calls originated in the province, as compared to 6.2 million a decade before.[5]

This growth was facilitated by the addition of over 124,542 circuit-miles to the system between 1951 and 1958, which included Saskatchewan's portion of the trans-Canada radio relay microwave system. Completed in 1958, that cross-country network opened future possibilities for conventional long-distance and mobile telephone expansion from coast to coast, while permitting special services in both teletype and television transmission. Although the corporation's net income had risen only marginally in the meantime, from $1.5 million in 1951 to $1.9 million in 1960,[6] its total operating revenue had nearly tripled during the same period, jumping from just over $7.3 million to just over $20.2 million.[7] That hike was attributed to the ever-larger number of telephones coming into in use, the corresponding rise in frequency of long-distance calls, and the recent increase in rate schedules for both local and long-haul service.[8] The total value of the provincial plant, its assorted properties and assets, meanwhile, was $92.5 million. This was second only to the power corporation, the largest of the Crowns.[9] Consequently, when SGT's first General Manager, S.R. Muirhead, retired on 30 September 1959 after 43 years of unbroken service to the Saskatchewan telephone plant, he could look back with satisfaction on the Crown corporation's achievements under his direction.[10]

Clearly, the provincial system had prospered under CCF rule, and it continued to expand and develop during the last five years of the government's mandate. Between 1959 and 1964, an additional 57,520 telephones were connected to the public plant, for a total of 230,239—or one instrument for every four Saskatchewan residents.[11] Of this number, 99 percent had 24-hour service, 89 percent had dial operation, and 44 percent had Direct Distance Dialing (DDD) for long-distance purposes. These percentages included the province's

56,802 farmers' telephones, as well. In fact, of 952 rural systems operating in 1964, 890 were connected to SGT exchanges with all of the advantages that entailed, while a further 44 provided local switching to approximately 4,500 subscribers.[12] Likewise during the early 1960s, the corporation continued its policy of encouraging rural companies to amalgamate; it also purchased those offered for sale. The latter were subsequently rebuilt to standard and merged with the government-owned plant.

In addition, finally, to SGT's various dial-conversion, DDD, All-Numerical-Dialing and buried-cable program—each of which was intensified after 1960—heavy emphasis was placed on further developing the microwave and point-to-point radio network throughout Saskatchewan to increase the provincial plant's long-distance and television transmission capabilities, and to connect isolated communities in the remote north. Part of this on-going effort involved expanding the corporation's mobile-telephone facilities for industrial, educational and medical uses, by establishing base stations at Swift Current, Bladworth, Moose Jaw, Grenfell and Weyburn.[13] Facsimile and teletype services also were expanded to include the United States, not just Canada, while closed-circuit and conventional television delivery was steadily improved over a network which, in 1959, had already opened a microwave channel that enabled Saskatchewan viewers to watch programs at the same local time as in Ontario and Quebec.[14]

If Dufferin Spafford is correct, the key to much of SGT's success after 1947 was the imposition of effective cabinet control. The two principles that had defined the objectives of the provincial system at its foundation in 1908, he recalls, were rapid extension of service and financial solvency. "Within this loose framework of policy the enterprise was given—and actively asserted on its own behalf—a considerable degree of autonomy in operations." The difficulty with this arrangement was, however, that the prime characteristics of the publicly owned plant, as it evolved over the next 40 years, were not the result of conscious government design or regulation, but derived instead from the industry at large. Precisely because the Saskatchewan system was guided in terms of technology, rate schedules and even business practice by developments elsewhere in North America, its "natural predisposition to take its cues from the industry ... militated against close cabinet control." The transformation to Crown corporation status in 1947 was thus directed, in large part, "toward containing the centrifugal tendencies of the enterprise."[15]

Yet this solution did not resolve the earlier problem of ambiguous regulation altogether. To be sure, one "very fortunate" result of the old Department of Telephone's reconstitution under the 1945 Act was that the provincial plant "was drawn back into active legislative scrutiny under the aegis of the Select Committee on Crown Corporations." But a "decidedly unfortunate" consequence of corporate status that emerged at the same time was SGT's placement on the identical basis as government enterprises of a very different character and purpose. Until the disparity between the public utility and these other companies was finally recognized, argues Spafford,

> *the articulation of explicit financial objectives for the telephone enterprise was not possible. The* de facto *policy of realizing a profit on operations was dictated largely by the capital requirements of a truly remarkable*

> *program of expansion which trebled the number of stations in service between 1947 and 1959.*[16]

In April 1964, however, CCF control of the System came to an end when the party was voted out of office in favour of Ross Thatcher's Liberals. Until then, the Douglas administration had sustained itself through four successive elections since first assuming the government in 1944 with "a large majority, flushed with victory, [and] expecting rapid achievement of miracles."[17] For the next 20 years, its political success was owed primarily to flexibility of policy, a knowledge of tactics, skillful leadership, and the care to ensure that wide areas of consensus were achieved before proposed legislation reached the chamber.[18]

The CCF's years in office were not all wine and roses, however; nor did the party enjoy consistent levels of voter popularity. Occasionally it suffered rebukes at the polls, despite maintaining a large majority of seats, while it soon became clear that socialism could not be established fully in the province. "The goal that might be attainable was more modest, that of social ownership," coupled with public funding for hospitals, pensions, medical care, insurance and other projects meant to raise the living standard. But because the Saskatchewan treasury could not bear the cost even of this scaled-down program of expenditures, the only alternative was to develop the province's natural resources and to encourage private enterprise to share in this activity.[19]

At the same time, problems in the agricultural sector demanded almost constant attention, while some Crown corporations had yet to prove their worth. Only the insurance office, the power utility and the telephone plant were highly successful operations. Ultimately, the field of corporate investment, like the development of Saskatchewan's natural resources, was opened to private capital and enterprise "because the provincial government did not have the financial resources to do it alone."[20] But the CCF had neither forsaken its socialist ideals nor dropped "humanity first" as its basic principle. It professed, instead, "a practical brand of democratic socialism and affirmed that government should be judged by its actions rather than by labels,"[21] in response to the changing perspectives and needs of the province.

It also helped the CCF's electoral fortunes that between 1944 and 1964 the Saskatchewan economy flourished, the people savored their growing prosperity "with cautious appetite," and the political opposition was in almost total disarray. The Liberals were the only serious contenders; yet they were disunited, weakly led, lacked a coherent policy, and still tainted by association with a federal party that continued to make decisions affecting Saskatchewan, heedless of its provincial counterpart.[22] Not until Ross Thatcher assumed the Liberal leadership in 1959 were these problems gradually overcome. Consequently, though the size of its majority and share of the popular vote fluctuated from election to election, the CCF had little difficulty sustaining itself in power.

Everything changed in spring 1964, however. A strong leader, Ross Thatcher drew upon his former association with the CCF to shape popular policies for health care and welfare.[23] By contrast, the government's controversial medicare scheme (implemented in July 1961) created internal rifts that eroded much of the CCF's grass-roots support. The party suffered an additional loss in May the same year, when Tommy Douglas resigned the premiership to head the national New Democratic Party, officially organized two months later. He was succeeded by Woodrow S. Lloyd, with Allan E. Blakeney as the new Provincial Treasurer. Additional problems emerged soon after over such issues as daylight saving time, the separate school system and low wheat sales that further damaged the administration. Yet every indicator showed that the province was at its peak of economic development.[24]

Consequently, the CCF entered the election campaign of 1964 confident of victory, but on the defensive, "and curiously complacent, [having been] lulled into a false sense of security by the air of calm and by the apparent prosperity about them."[25] By contrast, Ross Thatcher mounted an aggressive campaign. Although much of his rhetoric "was stridently anti-public ownership and anti- socialist,"[26] he pledged at the same time to extend medicare, social services, farm credit and better treatment of Indians and Métis, while reducing taxes and government control of industry. The program worked. The Liberals won 31 seats and the CCF were reduced to 26, though the popular vote split almost evenly between the two, at 40.3% and 40:4% respectively.[27] After a final recount, Premier Lloyd resigned on 22 May and Premier Thatcher was sworn into office, restoring Liberal rule to Saskatchewan after an interval of two decades.

TELEPHONES AND THE THATCHER YEARS, 1964-1971

The transition from CCF to Liberal power was very smooth. Although the election results did not constitute a triumph "of private enterprise over socialism," the new régime was certainly more conservative than its predecessor had been, while the new premier was personally determined to give private capital the opportunity to develop the resources of the province. This would allow him, in turn, to scale back government expenses. In the meantime, there were no mass firings from senior administrative positions. Neither did the Liberals dismantle or even substantially alter any of the CCF's welfare policies, many of which Thatcher had pledged to extend during the recent campaign.[28] To be sure, notes John Archer, many high-level, out-of-scope staff who sympathized with the previous government resigned from public service to accept federal appointments or senior posts in other provinces after the Liberals assumed office. But no one was purged; all left voluntarily. One of these was S.B. Medhurst, who had succeeded S.R. Muirhead as General Manager of the provincial telephone plant in 1959, but who left in 1965. He was replaced by Gillis D. McCormick (1965–1977).

On the whole, official policy under Thatcher aimed at a retreat or withdrawal from socialism.[29] As he stressed in his budget address of 25 February 1966, "it is the philosophy of this government to encourage the industrial development of Saskatchewan by 'private enterprise'"—and (one should add) foreign investment.[30] Part of the premier's plan to this end was to sell off government-owned ventures, starting with the Crowns, unless they met certain criteria. Their establishment and continued operation could be justified only if they furnished an essential service that private firms could not, at a comparable cost to the public, they provided useful employment, which

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Ross Thatcher, Premier of Saskatchewan 1964–1971

otherwise would not be available, and they yielded a particularly satisfactory return on invested public funds.[31] Thatcher's approach to government enterprise was thus highly pragmatic. He favoured support of private investment as the means for achieving industrial development in Saskatchewan that CCF policy, in his view, had failed to stimulate.[32]

Following a government assessment of the various Crowns, it was decided that the utilities, including SGT, should remain as public enterprises. The monopoly aspects of certain corporations were removed, however, and a few were sold outright. The Government Finance Office (GFO) was also trimmed back, becoming less influential as most of its administrative activities were shifted to the Treasury Department. Evidently, the Crown corporations had lost favour as policy instruments.[33] But otherwise, the integrity of their existing structure was maintained, because it was found to be useful. Liberal cabinet ministers liked the direct control this gave them over these enterprises, though ironically, many were unaware that the organization of the corporations was a uniquely CCF creation.[34] Equally ironic is the fact that, despite the premier's often vociferous criticism of the Crowns prior to 1964, he presided over their second major period of development.[35] Perhaps this was because they fit conveniently within his broad program of reform.

Indeed, one of the most surprising aspects of the newly elected Liberal administration was the degree to which it supported specific Crown enterprises, especially SGT, despite professing a policy of divestiture and privatization. SGT certainly continued to develop and to flourish under the Liberal régime and its new Minister of Telephones, Gordon B. Grant.[36] Between 1964 and 1971, in fact, its rate of growth was equal to, if not greater than, during the 1950s. By the end of this seven-year period, the number of system-owned telephones had increased by 97,837, for a total of 328,126. With a population of 926,242 in 1971, Saskatchewan now boasted a ratio of one instrument for every 2.8 residents. Long-distance use and the revenues it generated jumped correspondingly to $20.6 million for the year. That was $10.4 million per annum more than in 1964. This figure contributed to the plant's net income of approximately $12.7 million, as compared to $4.7 million seven years before—an increase of over $8 million. The total worth of the System had virtually doubled as well since 1964, from $157 million to $242.3 million. Even allowing for the effects of inflation, the leap in value of the province's telephone asset was impressive.[37]

Of equal importance to the government, at least, was the steady rise in the amount of dividend the enterprise paid annually to the provincial treasury out of telephone revenues. Hitherto, explained Dufferin Spafford, net profits had been calculated in a variety of ways, leading often to confusion in the corporation's accounts. Prior to 1919, for example, there had been no systematically determined ratio of total assets. Instead, after meeting current obligations from revenues, the old Department of Telephones had simply entered the remaining income in an omnibus "Interest, Sinking Fund and Reserves" account. Any advances from the treasury to finance capital expenditure had been treated, meanwhile, as a permanent liability of the department to the province until 1923, when the government instituted a policy of repayment. Yet all surplus earnings were still transferred to telephone reserves up to 1927. Not until the Godfrey and Munnoch reports of 1930 had the inadequacy of the department's accounting system been fully revealed. But the advent of the Great Depression had made it impossible to rectify procedures, let alone pay down the accumulated debt.[38]

With the formal return to solvency after 1944, the newly elected CCF government assigned net revenues to a special depreciation fund and a reserve for "post-war contingencies," a slight variation from what its predecessors had done. This changed in 1947, though, when the Douglas administration began transferring the major part of telephone income to a reserve for capital expenditures. This remained the practice until 1954, when a new heading, "Dividend Declared to the Province of Saskatchewan," first appeared in SGT's accounts.[39] As a member of the Trans-Canada Telephone System (TCTS), explained C.C. Williams in 1959, "we recover all our costs incurred in helping to provide Trans-Canada long distance service." After all the partners in the network had recovered their costs, the surplus (or deficit) was distributed among them in proportion to their investment in the system. "At the time of the agreement to this method of settlement," continued the telephone minister in almost defiant tones, SGT

> *adopted the policy of paying an annual dividend (i.e., the annual surplus) to owners of the corporation, the Province of Saskatchewan. This increases our reported expenses and makes our costs more comparable to the private member companies, consequently our share of Trans-Canada revenues has been increased by more than $100,000 annually which in turn assists the revenues of the province, for which we make no apologies.*[40]

From 1943 to 1960, the government system realized net income amounting to approximately $27 million. Of this sum, $18.5 million had been appropriated for capital expenditures by the end of 1956. Between 1957 and 1960, profits amounting to about $6.5 million were remitted to the "consolidated fund" of the provincial treasury as "dividends."[41] This procedure was continued by Thatcher's Liberal administration as a means of enhancing government revenues and recouping capital investment in the telephone plant. In 1966 (the first year in which dividends were reported in the corporation's annual reports under the new régime), $3.8 million were "paid out of earnings" to the treasury after interest on the corporate debt had been calculated from the net profits.[42] This sum grew steadily under the Liberals until, in 1971, the dividend reached $6.35 million[43]—more than the total amount remitted to the treasury in the three years between 1957 (when the policy was first implemented) and 1960.[44]

Much of SGT's progress during the Thatcher years was achieved by simple inertia; that is, by the continuation of telephone projects begun earlier under the CCF and now well in place. The government enterprise moved relentlessly forward with its dial-conversion program, for example, changing 276 exchanges over to automatic technology until, by the end of 1971, only 55 or 60 remained to complete the scheme. DDD equipment was likewise installed in these offices. This was accomplished so rapidly, in fact, that in 1967 direct-dialing was available to 80 percent of subscribers to the public system, including all the cities and 114 smaller exchanges. A further 101 offices were added over the next three years. This was a remarkable increase since 1964, when only 46 percent of SGT's customers had access to direct distance dialing.[45] Simply to assure the maximum flow of long-haul traffic under peak conditions, a new Network Management Centre was established at Regina in 1965.[46] Even so, observed bewildered corporate officials in 1967, many people had yet to take advantage of DDD service, despite its ready availability. These subscribers still preferred operator assistance when making long-distance calls for some years to come.

Other SGT projects progressed just as rapidly, meanwhile. Among the most ambitious was expansion of the existing microwave and point-to-point radio-relay systems, with the larger goal of linking the whole prairie region of western Canada. Already between 1962 and 1964, in the last years of CCF rule, supplemental microwave channels had been installed from Regina to Saskatoon, Prince Albert and neighbouring Alberta, partly for that purpose. This work intensified after 1965, however, when construction began on additional inter-company facilities as a portion of the regional scheme. Completed on schedule in 1967, the new Prairie Microwave Network was cut into service early the following year, with plans to extend it westward to British Columbia and eastward to Ontario, via the Lakehead.[47] That permitted, in turn, the further expansion of radio-relay within the province over the next two years. This was especially beneficial for the steady increase in mobile-telephone use, as well as long- distance connection to remote points in northern Saskatchewan. The latter goal was aided in particular by the formation of the Northern Radio-Telephone Service, starting with connections to La Roche and Stony Rapids in December 1971.[48]

In the meantime, SGT had continued to lay buried long-distance and local circuits--a policy vindicated by the results of a study authorized in 1968 to examine the effects of lightning-induced power surges on telephone service.[49] Consequently, by the end of 1970 fully 95 percent of all long-haul facilities in Saskatchewan were operated from radio/microwave and buried cable[50]—a major achievement unmatched anywhere else in Canada. Because such progress was expensive, to defray some of the costs of this new construction local service rates were increased in 1967, the first hike in seven years. Yet this was counter-balanced soon after, when special low long-distance charges were introduced in 1969 for calls between midnight and 6:00 a.m.[51]

SGT's activities did not focus solely on "old business" during the Thatcher years, however. The corporation introduced a wide spectrum of new services that broadened the scope of its offerings, while implementing a number of significant innovations that launched it directly into the space age. The

University of Saskatchewan's two branches at Saskatoon and Regina were among the first to benefit. Expanding upon available technology in 1965 and 1966, a sophisticated closed-circuit television network was installed on the main Saskatoon campus, with connections to the Regina campus, in order to provide for "tele-lecturing"—that is, the simultaneous voice transmission of course lectures over long-distance circuits to a number of widely separated classes. The technology gave limited access to higher education to students who were unable to enroll physically at either school. This was the first service of its kind in Canada.[52] The Saskatoon campus benefitted at the same date from the installation of a centralized telephone system—to include the Royal University Hospital—which allowed for "in-dialing" (i.e., dialing from the public network into a private or local network).[53]

Aiming next at both home and business subscribers, SGT began an intensive marketing campaign in 1967 to promote the latest push-button telephones with touch-tone dialing, introduced the following year. Although these state-of-the-art instruments were only available at first in Regina and Saskatoon, the Crown's *Annual Report* for 1968 noted that customer demand was heavy. Moreover, the telephone utility had great expectations for future development of this innovative technology in all areas of Saskatchewan. Push-button, touch-tone service (the report predicted excitedly) "will open up a new series of offerings such as banking by phone, remote control of household equipment such as electric ovens, and sophisticated information systems in credit, medical records, and like fields."[54] With the exception of telephone-operated stoves, most of these features became reality.

At the same time, SGT installed a wide variety of new equipment along more conventional lines to ease business transactions within the province and across the country. Individual items included the steady expansion of computer communication services, the establishment of new exchanges to facilitate Air Canada's reservations system in Saskatoon and Regina, the provision of additional microwave links for nation-wide TV transmission, and the installation of both closed-circuit television and a 90-line switchboard at the Provincial Corrections Centre in the Saskatchewan capital.[55] The government-owned plant not only recognized the need to profit by new advancements in technology to provide the best possible service to its customers, but also reaffirmed its commitment to that goal. "Special private exchanges and other specialized systems continue in high demand," observed the 1967 *Annual Report*, while high-lighting that year's major achievements:

> *A closed circuit television installation in the university at Saskatoon was put into service. Mobile telephone service for industrial use and highway maintenance was expanded during the year. Data speed, Phone Fax, and TWX [i.e., teletype] services, each of which is provided on a national or inter-company basis, continue to grow. New service offerings are under continuous study to ensure that the business demand for high capacity, diversified communications is met.*[56]

This pledge fit well within the goals prescribed earlier by the "Public Relations Policy for Crown Corporations," a preliminary mission statement promulgated by the CCF in 1958. According to this document, each government enterprise was to "pursue a positive and dynamic program in public relations," while ensuring excellence of service to the customer and province alike.[57] The telephone utility cultivated a favourable image in other ways, too, starting with donations for high-profile charities and support for community projects. Beginning in 1959, the provincial cabinet gave its general consent for cash contributions from SGT to Community Chest or United Appeals conducted in the towns and cities where employees of the corporation resided.[58] At first, corporate donations were based on a maximum rate of $3 per staff member, but this rose in subsequent years to $3.75 by 1970.[59] Consequently, as the number of personnel increased over time, so did the amount of SGT's annual contribution to the United Appeal. Also in 1959, the Board of Directors approved a single large donation of $15,120 to the Y.M.C.A. building fund in Regina.[60] This support was extended over time to such organizations as the Canadian National Institute for the Blind, the Multiple Sclerosis Society of Canada and Telemiracle.[61]

In the early days of this public relations initiative, however, the corporation chose its charities carefully. Most contributions were made to telephone-related organizations, such as the Saskatchewan chapter of the Telephone Pioneers of America, the employees' curling club,[62] or the Association of Rural Telephones.[63] SGT was further constrained by government policy established under the CCF, and continued by the Liberals, that prohibited any donations except those authorized by a cabinet directive. Also owing to the general rule that no contributions were to be made to denominational groups, many requests for charitable funding were turned down.[64]

By the same token, the Board of Directors occasionally refused to support projects that required a yearly financial commitment, however worthy, in order to preserve its flexibility in the face of changing circumstances and inflation. In 1968, for instance, the utility's Public and Employee Relations Department investigated possibilities for a yearly junior achievement award similar to that funded by Alberta's Calgary Power Company. This program, argued its advocates, "would be of real value ... from a public relations point of view having regard to the growing lack of personal contact caused by technology in the industry." The estimated cost, including promotion, advertising and the seven awards to be granted annually, was $13,000. But because it was also noted "that once having commenced a project of this nature it would be very difficult for the corporation to abandon same," owing partly to the damage that might result to its public image, the Board rejected the proposal at this time.[65]

To be sure, not all of the company's contributions were based upon such strategic calculations. To give just one example from 1970, an historic house located on the North Battleford exchange property was donated to the Saskatchewan French Canadian Cultural Association, rather than destroy or remove it by private contract to make room for the extension of badly needed office space in the telephone facility. The former home of a pioneering francophone doctor, it had been used until now as the head office for District 22, housing both the regional manager, his staff and the Department of Telephone's rural representatives for the area. The building was subsequently relocated to the local site of the Western Development Museum.[66] This gesture cost the corporation nothing; nor would there have been much advantage to selling or razing the old structure. On the other hand, such donations for the preservation of Saskatchewan's heritage were priceless in the public eye, especially in the wake of the province's diamond jubilee celebrations just five years earlier.

For the most part, however, SGT's contributions served the dual purpose of supporting local, provincial or national projects, while enhancing the corporation's image at the same time. Its contribution of $1,000 in 1969 to help promote the Department of Industry's "Saskatchewan Homecoming '71" event is just one example.[67] SGT also participated in town and country fairs throughout the province on a yearly basis, creating a separate fund to supply parade floats for that purpose.[68] The corporation similarly maintained a large advertising budget for customer "information and instruction," as well as for business and sales promotions.[69] The Board of Directors even agreed to a subscriber newsletter on a trial basis, to be included with the monthly billing, for the purpose of explaining and promoting such new services as direct distance dialing.[70] In every respect, therefore, SGT's public relations policy differed little from private enterprise then or now, including its desire to keep charitable donations within affordable limits. Hence, in March 1960 the Board agreed to participate in recording, billing and receiving donations for a prominent province-wide "world refugee" campaign, but otherwise gave no monetary aid.[71] Near the end of the decade, the utility was just as penny-wise, contributing a modest $300 to the National Science Fair held at Regina in 1969.[72]

The Board had been far more willing to spend two years earlier, however, when SGT joined with other members of the Canadian Telephone Association to finance, construct and staff a special Telephone Pavilion in honour of the industry at Expo '67, the world's fair hosted by Montreal as part of Canada's centennial celebrations.[73] This was the corporation's most important public relations initiative under the Thatcher régime. Yet even then, the General Manager was instructed to negotiate a reduction in SGT's share of the projected costs, if possible, "in light of the income tax concessions which will benefit the private companies."[74] Saskatchewan's contribution—paid over a four-year period—was to be 3 percent of the estimated total expenditure of $2.5 million. By contrast, Bell Canada shouldered seventy percent of the costs; British Columbia 10 percent; and Alberta and Manitoba 5 percent each. "It is anticipated," noted the Board minutes, "that a considerable amount of telephone business will be generated by the World's Fair,"[75] Saskatchewan's comparatively modest contribution notwithstanding. The recommendation also was made and approved that a picture of the pavilion be used on the back cover of the telephone directories issued for 1966–67, with a photo of the corporation's new headquarters at 2350 Albert Street on the front cover.[76]

Back in Saskatchewan, meanwhile, SGT had continued to expand the provincial plant by implementing a number of advanced projects that contributed to the successive revolutions in telecommunications at this time. Chief among these was the Crown's participation "as a member of the Trans-Canada Telephone System ... in the development and operation of Canada's first communications satellite" in 1969. Telesat Canada, the corporation formed to oversee the network, was owned jointly by the federal government and the various common carriers, with provision for possible public participation.[77] The satellite itself was to be used "for television transmission to remote re-broadcast stations as well as voice and data transmission to all parts of the nation."[78] Having already entered the computer age in 1964, the Saskatchewan telephone plant formally embarked upon the space age with the launching of "Anik I" in November 1972, followed by "Anik II" in 1973 and "Anik III" in 1975.[79] Nor was this the only significant advance about this time. Five years earlier, the TCTS and its member companies had also brought in the MULTICOM III telecommunications service, which was able to transmit data at a speed of up to 60,000 words per minute.[80] The entire works of William Shakespeare, in other words, could be sent across Canada in a mere five minutes.[81] Although that figure pales in comparison with the most sophisticated technology of more recent times, it was astonishing in its day.

Plans followed in 1971, as well, for the further expansion of nationwide computer communications through installation "of a high capacity multitube coaxial cable linking the major markets in central Canada, and extending coast- to-coast in 1974–76 by means of digital transmission systems on existing microwave structures."[82] To that end, the TCTS and its various partner companies formed the Computer Communications Group in 1972 and began joint construction of a trans-Canada computer communications system.[83] The new digital network, Dataroute, was completed by 1973 and cut into service.[84] In response to this and other extraordinary changes in every aspect of the industry that were occurring (it seemed) almost on a daily basis, the Saskatchewan plant was invited to participate in a special commission already appointed by Ottawa in 1969 to formulate a national communications policy over the next few years.[85]

A second major initiative undertaken by SGT and the Department of Telephones working together was the "Unserved Area Program." It was inaugurated in 1966 after a study revealed that 6,000 farms that lay beyond the serving areas of rural telephone companies in nearly every corner of the province—particularly in the north—were without telephone service.[86] Also included in the project were Saskatchewan's First Nations reserves, which had only the most rudimentary service where it existed at all. During the first year of the project, 489 rural residences were connected in the areas of Burstall, Ceylon, Consul, Fox Valley, Herbert, Leader, Mossbank, Rockglen, Tompkins and Walsh.[87] Work on the program accelerated thereafter until, by 1970, telephone service had been brought to 2,000 farms, 880 of which were connected during that year alone. The cost to date had been $2 million.[88] The following season, a further $1.8 million were spent on the project.[89] With fewer than half the unserved farms remaining to complete the work, the progress made in just under five years was remarkable.

In fact, the "Significant Sixties" (as they were dubbed by the Department of Telephone's annual report at the end of the decade) constituted a period of tremendous improvement in rural telephone service. Quite apart from the "Unserved Area Program," the installation of dial technology in conformity with the rest of the government-owned plant, plus the introduction of more effective business organization and the commencement of a financial aid program under the CCF (but maintained by the Liberals), "mark the Sixties as one of the most eventful decades in rural telephone history in Saskatchewan."[90] Not only had considerable effort been made to upgrade existing outside plant as one means of improving the general performance quality of farmers' systems, but with the installation of new dial telephones supplied by the department in exchange for the old magneto sets still used in many homes hitherto, 60 percent of rural residents were able to direct-dial their own long-distance calls just like their urban neighbours. As a result, in late 1969 the provincial plant was able to assume direct billing and collection of toll charges from farm subscribers on request of the local company, thus alleviating a major part of the clerical work and expense that burdened rural firms.[91]

To take full advantage of the new technology, meanwhile, and to keep it working efficiently at the same time, organizational changes were proposed and a broad range of grants—each of which was designed to meet specific needs—was implemented. To begin with, the telephone department's staff increased to 20 persons, 10 of whom were designated as "rural representatives," and hence stationed in major centres for easy-consultation. They provided advisory service, in addition to the engineering assistance already given by SGT as required by the new technology.[92]

Other changes followed. Among these, the Rural Telephone Act was revised in 1962 under the CCF régime to streamline the administration of rural systems. A more simplified corporate structure was devised, along with an improved tax basis for special levies. Farmers' companies were also given the right to finance capital expenditures by means of short-term loans, in addition to debentures. Similar arrangements were made to enhance farmer access to service, while distributing the capital costs of rural telephone construction more equitably between taxpayers and subscribers. Otherwise, the department continued its policy of encouraging small rural companies to amalgamate into larger ones, to provide more efficient service at lower cost on the principle of economy of scale.[93] This proved effective, for between 1963 and 1971, the number of farmers' firms declined steadily in number from 956 to 842. Some companies were also purchased by, and absorbed into, the government-owned plant.[94]

The heavy costs of rural expansion, maintenance and dial-conversion were alleviated, in the meantime, by the government-grant program. This had paid out more that $3.5 million by the end of the 1960s. Some farmers' companies also met their construction requirements through the purchase at reduced price of surplus equipment from SGT—left over from, or discarded because of, the introduction of radio and buried cable systems.[95] Still other firms took advantage of construction grants to bury their own circuits, too, in conformity with the provincial system. "These projects," noted the department's *Annual Report* in 1969, "provide protection from the vagaries of weather, thereby ensuring almost trouble free service from their outside plant." The major strides taken during the 1960s by the rural telephone companies, in concert with the Department of Telephones and the government network (asserted the report), "have contributed greatly to efficient communication throughout the country and the sense of neighbourliness that comes with telephone service."[96]

But the year 1969 was significant in another way. Looking back at the progress made in Saskatchewan's telecommunications system since World War II, as well as the enormous advances that were making headlines nearly every day in new technologies and services, the Thatcher government recognized that the corporation "was no longer just a telephone company." In slightly over 20 years it had become a central player and occasional leader in an industry that had undergone—and continued to undergo—successive revolutions in Canada, from the era of simple wire circuits and conventional telephones to high-tech computerized networks, radio-microwave and satellite communications. Regina's significance as a regional hub for the nation-wide long-distance system was similarly confirmed in 1969, when the city became one of nine switching centres for "AUTOVON," or the Canadian Switched Network that formed part of the larger Global Military Network.[97]

In fact, the transformation in the corporation's status and character had already become evident by 1966, when the Board of Directors heard a joint report by G.W.R. (Bill) Clarke, Manager of the Public and Employee Relations Department, and Bert Rowe, Public Relations Supervisor, with regard specifically to the question of corporate identity and identification. Among other items, the two men recommended that SGT adopt and use a new trade name, "SaskTel," along with a distinctive colour scheme and symbol for use on corporate property, automobiles, etc.[98] General Manager Gillis McCormick also strongly advocated these changes. It had always bothered him, he recalls, that governments in power persistently categorized SGT staff as civil servants. "We never classified ourselves as that," but rather as telephone employees who worked for a Crown corporation, not a government department. "That was our relationship across the country," protests McCormick, "and our objective was to run a telephone company in a more efficient manner."[99]

The Board obviously agreed with him. Not only did it approve the report submitted by Clarke and Rowe, but also

> *to accentuate the commercial nature of the Corporation, Its broad scope of services, and its association with other Canadian telephone companies in providing nation-wide telecommunications services, the Corporation adopted SASK TEL as its trade name. The new name will be introduced progressively on equipment, vehicles, promotional material and in advertising.*[100]

This resolution reflected, in part, the Crown corporation's growing involvement in the transmission and distribution of data and video signals throughout the province and the country as a whole, added to conventional voice communications. The name-change was not formalized until 1969, however, when, through an act of the Legislature passed on 1 April, Saskatchewan Government Telephones officially became SaskTel.[101] Only later, in 1984, did the corporation change its trade-mark logo, by replacing the outdated telephone design with a fresh emblem in new colours that symbolized the wide spectrum of voice, data and image services that the provincial system by that time provided.

TELEPHONES AND THE BLAKENEY YEARS, 1971-1982

The government plant had clearly prospered under Ross Thatcher's administration. It had enjoyed seven years of unprecedented expansion and modernization that had opened new frontiers for the public utility, while heralding a new age of telecommunications in Saskatchewan. Old programs begun under the CCF were nearing completion; long-distance use was rising exponentially; telephone revenues were growing correspondingly; more subscribers were being connected to the network than ever before; and increasingly sophisticated computer, radio-microwave and satellite systems were being installed on a daily basis. In fact, almost every new technology produced by the current revolution in the industry was adapted to Saskatchewan's needs, sometimes in advance of, and sometimes in conformity with, developments elsewhere in Canada. Moreover, the provincial plant had become integral to the country's trans-continental telecommunications network, with Regina as an essential hub. All of this achievement was reflected by the Crown corporation's new name, SaskTel, and eventually its new logo.

By 1971, however, Liberal rule had run its course. Faced after 1968 by an economic downturn caused largely by a slump in the global wheat market and overproduction of potash, a concurrent jump in freight and transportation costs, a sharp drop in housing starts, and a persistent decline in retail sales, the cash-strapped government raised taxes on gasoline, cigarettes and driver's licences. It similarly slapped user fees on hospitalization and medical services, imposed a ceiling on wage increases, and restricted labour's right to strike, in order to cut costs and increase revenues. To generate more income, the government also encouraged foreign investment in the province's natural resources, and further proposed an expansion of Saskatchewan's pulp and paper industry, whatever the environmental consequences. But these policies alienated much of the general public and crippled the Liberals' prestige.[110] Despite an aggressive campaign enhanced by recent policy successes and an up-turn in the agricultural sector, the party was trounced by the NDP (formerly the CCF)—its only serious contender—which had been led by Allan E. Blakeney since 1970.

The new premier was an experienced administrator with a reputation for fair play, moderation and progressiveness. His electoral victory, moreover, had been secured by his promise of provincial entrepreneurship under a social democratic guise.[111] This meant government intervention in the Saskatchewan economy, coupled with various social programs intended to assist the less affluent members of society. Backed by a triumphant party with a wide popular mandate and a belief in the state's important role "in strengthening democracy in the social, economic and political realms,"[112] Blakeney now faced "the normal problems that beset the province's government, to which would be added other problems of constitutional change, the sharing of wealth and the adjustment to promised riches."[113]

Significantly, however, the results of the 1971 elections—just like those of 1964—had little or no immediate affect on SaskTel, beyond the appointment of a new Minister of Telephones, Neil E. Byers, to replace former Liberal incumbent Gordon Grant.[114] Otherwise, the enterprise continued to function as it always had, expanding its offerings, installing improved equipment and developing additional services according to long-established plans, as if

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Allan E. Blakeney, Premier of Saskatchewan, 1971–1982

nothing had changed. To be sure, notes Evelyn Eager in her history of Saskatchewan politics, with the return of the NDP to power under Blakeney, one of the early issues for consideration was the persistent problem of administrative relations in the field of Crown corporations, including SaskTel. But this problem had originated under the Douglas régime, not the Liberals, who had maintained existing forms with little alteration. The Crowns thus returned to socialist hands with their organizational structure, established originally by the CCF, still intact.[107]

The same was true of their operations, at least in SaskTel's case. Indeed, it was a simple matter of "business as usual" for the government-owned telephone enterprise, with one difference. "The 1970s will be a decade of accelerating change," the Crown's *Annual Report* had predicted in 1970, "a period of rapidly shifting social, economic, and technological environments, an era that will present SaskTel and the telecommunications industry [as a whole] with unprecedented changes."[108] The growing complexity of network facilities and the introduction of many new customer services certainly reflected the corporation's shifting roles, as the technologies of the future soon occupied the forefront of its activities. The only real difference in government policy toward public enterprise during the Blakeney years was that the approach taken to Crown corporations in general was more disciplined and focused. In this respect, notes political scientist Jim Harding, "Two distinctions can be identified: the continued use of Crown corporations for the provision of government functions and public services, and their use for the exploitation of non-renewable resources."[109]

In the meantime, many telephone-related projects initiated under the CCF and sustained under the Liberals, reached a fruitful conclusion under the newly elected NDP. In 1974, the dial-conversion program was completed at last, not only in urban centres but in the countryside, too. "Notwithstanding the fact that dial service had been available since 1907 in Saskatoon and 1914 in Regina," boasted the corporation's *Annual Report*, "it was still a major feat to provide this modern convenience to rural subscribers and to subscribers in smaller communities."[110] Every automatic exchange in Saskatchewan now had access to DDD as well, meaning that all customers were able to dial long-distance directly without operator assistance.[111]

The sole exceptions to this general rule were residents of Uranium City and other settlements in the province's remote north, though not for long. Within two years, they, too, enjoyed DDD connections. This was accomplished, in part, by the extension of Northern Radio-Telephone service to 15 agency offices in numerous communities scattered across northern Saskatchewan[112]; in part, by the construction of two new microwave routes (North Battleford-Buffalo Narrows-La Loche, and Prince Albert-Collins Bay-Uranium City)[113]; and in part, by the installation of electronic switching equipment, first at Saskatoon in 1974 and subsequently to eight other centres—including Uranium City—by 1977.[114] Together, these additions constituted "the first steps ... to make standard telephone services possible in developed centres in northern Saskatchewan."[115] Yet even then, rapid changes in the industry soon rendered some of this brand-new equipment almost obsolete with the installation in October 1979, for example, of the province's first standalone (as opposed to standard post remote) digital switching machine at La Ronge.[116]

Two other long-term projects also reached their culmination during the Blakeney years, one of which had been launched under the CCF and the other under the Liberals. In 1976 a new milestone was reached when SaskTel replaced its last section of long-distance aerial pole-line (a 12-mile connection between Star City and Melfort toll centre) with buried cable.[117] Saskatchewan thus became the first province in Canada to achieve that goal.[118] A second milestone was attained the same year with the completion of the Unserved Area Program, begun a decade before, at a total expenditure of just over $15 million. Residents in 150 "pockets" scattered throughout the province now had telephone service where they had none before, at a cost to the individual farmer per connection of $400. "Although this may appear excessive," the *Annual Report* for 1976 hastened to explain, "it is a bargain when one considers that the average cost to provide telephone service to these farms [would have] exceeded $2,000" under normal conditions.[119]

The conclusion of that project allowed, in turn, the formal launching of a new Rural Service Improvement Program (RSI), by which farmers' systems were assimilated voluntarily into the provincial plant.[120] This initiative—the largest ever undertaken by SaskTel, ultimately costing $90 million—had older roots, however. As early as the 1950s, rural telephone service had declined so far in quality that many subscribers looked to the government to take it over. The chief problem lay with the old multi-party circuits, which had become so heavily burdened with too many connections that both privacy and accessibility were seriously impaired. Not only were users unable to make calls when they wanted or needed because of congestion on the lines, but neighbours eavesdropped on their conversations—a perennial nuisance.[121] To be sure, there were those farmers who liked the convenience of the party line, especially where several family members were connected to the same system. It was then a simple matter to communicate with everyone at once—unlike individual line service, which limited calls to a single party.[122] But these people formed a minority; the majority were dissatisfied with the prevailing poor quality of their telephone service and wanted SGT to assume control of the farmers' systems.

In 1973 a pilot project was begun at Saskatoon specifically with this end in view. Because of the extra construction required to upgrade circuits, explained the Annual Report for that year, and also

> *due to changing technology accompanied by increasing costs, rural telephone companies are finding it almost impossible to meet demand for service from widely dispersed applicants. Similarly, costs appear prohibitive for rural companies to serve the new small holding developments which are springing up near cities within their recognized serving areas. As a result, some companies are indicating a desire to have SASK TEL assume the responsibility for service in their areas.*[123]

Consequently, though the telephone department continued to aid farmers' firms as before by providing financial guidance, technical assistance and administrative help, the "main emphasis was placed on assisting companies interested in joining SaskTel under the Voluntary Assimilation Program."[124]

With the government-owned plant already beginning to operate telephone service in formerly unserved areas and to bill subscribers directly on request of many rural firms, this was the logical next step to creating a fully integrated provincial network, in any case. At least two meetings per company were attended (in most instances) by representatives of the department to encourage that end. These gatherings were sometimes stressful for people in the local municipality, for assimilation of the rurals meant closure of the small exchange offices that served them and the loss of jobs as telephone operations became mechanical. Because each farmers' firm had its own structures and procedures, these also had to be altered, up-graded or completely transformed before the system could be absorbed into the provincial plant.[125] This had major repercussions for the Department of Telephones, as well. Since the commencement of the RSI program, its staff was reduced to a mere 10 persons.[126]

But what began as a trickle of applicants in 1973 very shortly became a torrent as farmers' firms across Saskatchewan merged with the government-owned plant. Already by 1979, only 143 independent rural systems remained, serving fewer than 8,000 customers. A total of 561 firms had been assimilated in just three years since the official start of the program.[127] By 1982, over 54,000 kilometres of buried cable had been installed, while the local distribution facilities of 652 (out of 704) rural telephone companies—with over 48,000 subscribers—had been absorbed.[128] This virtually completed the process[129]; indeed, by 1984 only a few firms remained at large to serve a mere handful of subscribers.

An important side benefit resulted from these efforts. As construction work progressed on up-grading telephone service in smaller communities, on standardizing farmers' systems voluntarily assimilated with the provincial plant, on connecting previously unserved residences, and on burying local, long-distance and rural cables, the new and more reliable facilities installed by SaskTel made possible a substantial reduction in the number of subscribers from eight to four per circuit on multi-party lines.[130] Indeed, work on that project was already well advanced by 1986, when the Rural Individual Line Service (ILS) program commenced officially. At no cost to farmers, on condition that they requested the up-grade within two weeks of SaskTel's cable plough passing their land to complete the work, each rural home was provided with one pair-wire for the telephone and one pair-wire for a modem should the residents desire Internet connections for a personal computer. Only four years were required to convert all remaining rural multi-party lines to urban-quality individual line service by 1990, making Saskatchewan the first province in Canada to achieve that distinction. This prepared the way, in turn, for advanced services, such as call management, caller identification and Internet offerings, that proliferated throughout the succeeding decade for farm and urban customers alike.

For Jean Freeman, who worked for 10 years in SaskTel's Public Affairs Department as manager of internal communications until retiring in 1995, the completion of the ILS program and everything that followed from it had a more fundamental significance. Speaking with a mixture of pleasure and pride, she recalls the day that such tiny places as Grandmother's Bay were provided with regular service. Hitherto, that remote settlement and others like it in the far north had been connected solely by radio links to the wider province. Then the moment arrived when the residents had telephones "just like everyone else" in Saskatoon, Regina and other cities. When they picked up the receiver, "there was a dial tone and they could phone anybody anywhere in the world from Grandmother's Bay, Saskatchewan." "That," exclaims Freeman with a satisfied chuckle, "was great!"[131]

In sharp contrast to this accomplishment, as of 30 April 2001 there were still 46,995 two-party and 34,303 four-party line customers in the Bell corporation's territory in central Canada, despite Ottawa's determination to universalize individual line service. In response to a federal government questionnaire, the company admitted that an individual line with touch-tone access should be the standard industry, basic service offering, if for no other reason than it "is becoming increasingly difficult to find new technologies that will support party line service." Moreover, because "it would be simpler and more cost effective to have one standard service offering for customers" from a business perspective, Bell had begun to eliminate four-party line circuits in 522 urbanized exchanges. But the corporation intended only to "grandfather" its remaining two- and four-party lines in service by January 2002, "rather than eliminate these customer options." It proposed, instead, the "flexibility" to move the rates for these services closer to the individual line rate over the next four-year period. "This would encourage customer migration to the higher level of service by reducing the financial barrier to do so and also reduce the capital burden on the Company to install additional facilities."[132] In other words, Bell Canada continues to withhold investment in expensive service projects without the assurance of low costs and immediate profits. Some things have not changed since 1908!

SaskTel's operations during the Blakeney years included other combinations of "old" and "new" business, as well. Committed, for example, to providing "state of the art" computer communications facilities,[133] the corporation had already contributed as a member of the Computer Communications Group of the TCTS to the construction of the digital Dataroute system in 1971–1973. It continued, meanwhile, to adapt the latest computer technology for use by Saskatchewan business subscribers, such as Datacom 1200 (an advanced model of teleprinter), first installed in 1978.[134] SaskTel also cooperated with other government agencies to develop specialized service offerings to meet the needs of particular constituents. It worked closely with the Department of Social Service in 1975, for example, to establish a program designed specifically to provide telephone service for handicapped residents.[135] The same year, SaskTel embarked on a pilot project designed to allow the Saskatchewan Power Corporation a separate mobile radio system to operate province-wide. Having proved to be successful, the new network cut into service in 1978, just a few months behind schedule.[136]

That year was significant, too, for the number of new facilities inaugurated, especially in the field of long-distance. One was "Zero-Plus" dialing, first introduced at Saskatoon and six other centres in order to simplify operator service access. For the first time customers were able to dial calls that had formerly required operator assistance (e.g., paystation, third-party billing, etc.). As a result, an operator needed to come on line only to record pertinent information or complete collect or person-to-person messages, thus allowing faster, more efficient service.[137] Their job had been eased already by the implementation of the Traffic Operator Position System (TOPS) the previous year, whereby operators used a push-button panel in place of the old cord-and-jack switchboards to complete long-distance messages with greater speed and reliability.[138] As of December 197[illegible] operators at Regina and Saskatoon could also place overseas calls directly from Saskatchewan, without the need to route these through their counterparts at Vancouver or Montreal. Within three years, DDD and "zero-plus" service had been adapted for this purpose, too, allowing individual Saskatchewan subscribers to telephone directly to over 50 countries outside North America. This was facilitated, no doubt, by the success of another program inaugurated in 1978 to extend touch-tone dialing province wide.[139]

Satellite services for long-haul communication were similarly increased during the year. Telesat Canada—a full member of the Trans-Canada Telephone System since 1977—launched its fourth and most powerful satellite to date, "Anik B."[140] The world's first commercial-use orbiter, it was followed in rapid succession by three more in the early 1980s: "Anik C2", "Anik C3" and "Anik D1". A fourth satellite, "Anik D2", was carried into orbit in November 1984 by the American-built space shuttle, *Discovery*. Telesat's various commercial offerings also included the sale of earth-stations (both fixed and mobile), in addition to consultation services in satellite communications for buyers in Canada and around the globe.[141]

Owing to the numerous developments in both the range of services and the sophistication of technology, long-distance use in Saskatchewan more than quadrupled during the Blakeney years. From 20.6 million completed calls in 1971, the number skyrocketed to over 87.2 million in 1982, for an average of more than 238,000 messages per day.[142] And it generated revenues to match, aided in part by the implementation of a new schedule of rates in 1972 that included a one- minute minimum charge.[143] Already evident by 1974, this remarkable growth was attributed by SaskTel officials to largely economic reasons. "There were two principal causes for the increase exceeding forecasts," commented the *Annual Report* for that year:

> *First, both real and inflated growth in the economy went beyond everyone's expectations. Second, crises and uncertainties tend to generate long distance usage. There have been several unexpected events such as the energy crisis, air and rail work stoppages, fare increases, and a postal*

> *strike that together have caused people to seek less expensive, instant and more reliable means of communication.*[144]

Yet virtually the same causes were identified in 1982 as having had an *adverse* effect on long-distance usage during that year,[145] starting with the economic downturn caused in part by a global recession, but provoked in large measure also by the punitive economic policies of Pierre Trudeau's federal Liberal government.

Although economic conditions, increased transportation charges and assorted labour strikes undoubtedly helped to promote long-distance use in Saskatchewan, a far more likely explanation was the ready availability and relatively low cost of service, owing to SaskTel's continued investment in advanced technologies and state-of-the-art facilities for its customers. Nowhere was this commitment more evident than in the corporation's participation in cable television (CATV) transmission and its pioneering work in digital telecommunications through the vehicle of fibre optics. As far back as 1972, SaskTel was designated as the official carrier of CATV service, a relatively new technology, by the provincial government.[146] With extensive microwave and buried circuit systems already in place and undergoing continuous expansion, the Saskatchewan plant was so well suited to this and other purposes that in July 1975 the country's first transmitter for the CBC's Accelerated Coverage Plan (ACP) was installed at the northern town of La Ronge. Served by SaskTel's network, the new project was designed to provide FM radio and television transmission to remote areas of Canada having over 500 inhabitants.[147]

Later the same year, the Board of Directors petitioned the Canadian Radio-television & Telecommunications Commission (a federal bureau established at Ottawa in 1976 to regulate the industry nation wide)[148] for official recognition as the sole provider of CATV to Saskatoon, Regina, Moose Jaw and North Battleford.[149] While awaiting a favourable response to its request (which came eventually in 1977), SaskTel extended both radio and television transmission to the northern communities of Beauval, Buffalo Narrows, La Loche and Ile-à-la-Crosse for the first time in 1976 via the CBC's on-going ACP project.[150] Two years later, the province's four major cities were provided with cable TV, according to the plan outlined earlier in its proposals to the CRTC.[151] By the end of 1979, SaskTel's 2,529 kilometre CATV local distribution system served 66,980 subscribers,[152] thus providing American network television and, later, pay television to many Saskatchewan towns and cities.[153]

This was soon adapted, however, to a significant new development in telecommunications that radically changed the whole industry and opened almost limitless possibilities for the future. Just as the 1950s had spawned a communications revolution with the introduction of radio-microwave systems, and the 1960s and 1970s had provoked two more revolutions with the adoption of computer technology and satellite communications, the 1980s sparked yet a fourth revolution with the application of fibre optics. Using high-speed streams of laser-generated light impulses to carry computer-coded voice, image and data information through strands of glass no thicker than a human hair, a fibre-optic telecommunication system has far greater information-handling capabilities than any transmission method of the past.

Almost over night, this revolutionary technology "ushered in an era of burgeoning, cheap capacity on digital freeways, which has made the Internet possible and caused the price of long-distance calls to fall to mere pennies a minute."[154] It was the stuff of science fiction brought to life by human ingenuity. In layman's terms, the human voice is converted into millions of bits of computer data, nestled inside tiny pulses of light. This data is then hurled by laser beams through many kilometres of glass fibre at the speed of light, before being reconverted in a virtually flawless reproduction of the original voice.

Fibre optics thus represented a tremendous forward leap over more traditional message-carrying systems, including radio-microwave and coaxial cable, particularly because it had a larger "bandwidth." This means that it could project greater amounts of information over longer distances and at faster speeds than conventional circuits. Each pair of fibres in the system could carry, for example, more than 2,000 simultaneous telephone conversations. Additionally, because glass is immune to electrical interference, both local and long-distance calls were free from the crackles, hisses, cross-talk or other electrical distortion that used to plague the old copper-wire networks. A further benefit, if minimal, was that the use of hair-thin threads of glass required only a third of the amount of electricity expended by the operations of more conventional transmissions systems. Perhaps the greatest advantage, however, was that this technology could carry voice, data or television messages over secure lines (since wire-tapping is impossible with fibre optics), coupled with its vast capacity for expansion without incurring huge capital costs.

SaskTel engineers began to explore the possibilities of fibre optics for telecommunications use in the late 1970s. What prompted their interest was to find a viable, efficient and cost-effective means of expanding the carrying capacity of the long-distance plant at a time when traffic over existing links was growing increasingly heavy. Even the microwave system was becoming over- burdened. One solution was to erect a second row of microwave towers, but that would have been expensive with only short-term advantages. Another, advocated most strongly by Bob Allan of the Engineering Department, was to exploit the potential of fibre optics.

But many in the higher echelons of SaskTel's corporate structure were at first skeptical of the idea. Among them was then vice-president Frank Degenstein, who recalls that just before Allan began to promote the fibre-optics alternative, a fellow engineer had proposed using a string of hot-air balloons to increase long-distance capacity by reflecting signals from one balloon to the next. "How come they don't fly away?" asked Degenstein innocently at the time. "We tie them to the ground," replied the engineer. "How do you prevent people from running into the anchor cables?" pursued Degenstein with growing disdain. And so it went fruitlessly on to the end of the conversation. And "when that conversation was over," exclaims the former vice-president, "it was *over*!" Consequently, when Bob Allan began talking about the use of glass fibres as thin as a strand of human hair to transmit telephone and television signals, Degenstein was immediately incredulous.[155]

Undaunted by this skepticism, Allan and other engineers like him persisted. At length, the success of their early experiments convinced the corporation to invest in the new technology as a viable alternative for the concurrent transmission of larger-scale data, voice and television signals, even though it had yet to be tested by a major communications system.[156] Consequently, in 1980 the government-owned enterprise began construction of the world's longest fibre-optics network, thus both pioneering and leading the field.[157] By the time the 3,268 kilometre system was completed in late 1984, it linked 52 Saskatchewan communities, not only providing them with cable television service, but also accommodating "the ever-growing demands for telephone and data transmission facilities." It similarly allowed "for the future integration of other telecommunications services."[158] Just one of these was "Agritex," a new electronic agricultural information service first offered to Saskatchewan farm and agribusiness customers in 1984. Subscribers used it to gain access—even from their tractors—to a growing number of databases throughout North America for information on everything from weather conditions to commodity prices. Otherwise, it was a tribute to SaskTel's ingenuity and leadership in the field that in 1985, the TCTS began construction of a coast-to-coast fibre-optic network to serve Canada as a whole.[159]

STRUCTURAL CHANGE AND PERSONNEL, 1954–1982

Keeping abreast of the constant developments in the industry demanded that the Crown corporation not only acquire the latest technological advancements for use in its various branches of activity, but that it also adapt its office facilities, staff and organizational structure to changing circumstances on an almost continuous basis. This involved, in part, the construction of new buildings or the extension of old ones to provide additional space for more and better equipment, as well as improved conditions for customer service. Ever since its foundation in 1908, of course, the government-owned plant had either bought and then refurbished existing structures for telephone use, or had constructed them when none was available. The first exchanges, for example, were acquired from private companies purchased in the early years as the core of the fledgling public system. But the old department had "soon aspired to project is own image throughout the province," which explains why "most of the new government telephone buildings featured a date in stone, the new provincial coat of arms, and the name 'Government Telephones' over the doorway."[160] According to Saskatchewan historian Frank Korvemaker, this construction occurred in two major phases, 1909–1930 (when 35 buildings were erected) and 1945–1960 (when an additional 50 structures were built).[161]

Yet a third phase, though far briefer than the others and certainly more limited in scope, can also be identified between 1976 and 1984. It opened when SaskTel announced plans, first proposed in 1974, for the erection of a larger Head Office complex at its current location on Saskatchewan Drive. This was intended as part of the "Cornwall Centre" urban redevelopment project in downtown Regina, a joint venture of the provincial and municipal governments.[162] What began as a more limited plan rapidly grew in scope, however, as the Blakeney administration decided to relocate the headquarters of the various Crown corporations in the city's core. But because the expanded project necessitated the acquisition of much more property than was initially anticipated, an agency with the power of expropriation was needed to negotiate the transactions. The task fell to SaskTel, which expropriated 95 percent of the land required. Furthermore, Gillis McCormick, who had just retired from the company in 1977, was appointed by the government to coordinate the entire project.[163]

For a while, consequently, SaskTel was engaged in the real-estate business under the direction of its former general manager. For that purpose, the provincial cabinet passed a special Order-in-Council that extended the Crown's statutory powers to include the construction, development and operation of a shopping centre.[164] As for the appellation "Cornwall Centre" given to the new complex, this was owed to the winning entry in the "What's in a Name" contest sponsored by SaskTel as a public relations gesture.[165] (The tower housing the company's head office was subsequently rechristened "McCormick Place" in honour of Gillis McCormick as part of SaskTel's ninetieth-anniversary celebrations in 1998.) This would be the fifth corporate headquarters to date,[166] and it was designed to replace the now crowded 13-storey building that had opened on the corner of College Avenue and Albert Street in 1965. Begun in 1977, the new structure was completed just three years later, in 1980.[167]

At the same time, other building projects were undertaken to upgrade office, warehouse and equipment space in numerous centres.[168] In some, this work involved the erection of new community dial offices. In others, it meant the reconstruction of main exchanges or the extension of existing facilities. Modern radio buildings were likewise erected, as were new customer service centres that housed construction, installation and repair facilities for the cities they serviced and surrounding regions.[169] In almost every case, the preliminary work involved complex negotiations over land purchases, construction contracts and even right-of-way with civic authorities.

Hand-in-hand with its building program, SaskTel adapted its organization during the 1960s and 1970s to meet the changing conditions in the industry and the growing complexity of its own operations. As far back as 1957 SGT's Board of Directors had invited Bell Canada to perform an external review of the Crown corporation's salary, organizational and management structures, together with recommendations for improvement. A preliminary part of the process required each senior official to report in person to the Board on the purpose, function and scope of work for which he and his branch of the business were responsible.[170] That review resulted in a series of agreements with the telephone giant, which gave SGT access to Bell system practices that were far more polished than what the Saskatchewan Crown was using at the time. Such exposure to more sophisticated ways of conducting its business operations, contends Gillis McCormick, "was a very positive move" by SGT.[171]

Otherwise, much of the corporation's activities in this regard consisted of revising, replacing, reinforcing or redefining old positions, creating others wherever the need arose or conditions warranted, and diversifying current structures to make way for new branches or departments within the existing corporate framework. In view of the large volume of legal work involved in SGT's daily administration and operations, for example, combined with the value of legal counsel as part of the management team, in 1960 the Board of

Directors established the position of General Counsel as a regular officer of the corporation, rather than rely on the Government Finance Office for that service, as before.[172] Other organizational changes followed rapidly. In 1961, the post of Assistant General Manager (Marketing & Long Range Planning) was created, while the Manager of Operations & Engineering's former title was changed at the same time to "Assistant General Manager (Operations & Engineering)." Both officials were then added to the newly formed Executive Committee, which also comprised the General Manager of SGT, the Comptroller, the Manager of Public & Employee Relations and the General Counsel, who served as secretary.[173] On almost a yearly basis thereafter, additional out-of-scope and managerial positions were established.

It was one thing for SGT and later SaskTel to create new management positions, and either promote or hire the staff to fill them. It was quite another matter during a period of rapid change in the telecommunications industry as a whole to ensure qualified personnel at all levels of the corporation, regardless of their seniority, and to retain them. It used to be that employees, especially in the lower technical branches of the old Department of Telephones, received their training as apprentices on the job. As far back as the 1940s, the Department of Telephones had provided some rudimentary instruction in such fields as safety, management skills and sales to upgrade is staff, though details are few. Similar programs were offered by the corporation in later years.[174]

Otherwise, recalls Don Robson, "in those days there was no formal training" beyond what one learned first-hand through handling the equipment, installing lines and repairing circuits. To be sure, correspondence courses on such subjects as "practical telephony" were available from institutions in the United States for those who, like Robson, had the initiative and self-discipline to take them. He also read extensively on his own. A major problem with both sources of instruction, however, was that they "generally applied to the American way of doing things," with the result that much of the learning material was irrelevant to Canadian practices.[175] Recognizing the need for some sort of training to fill the void, a few district managers conducted informal classes in their local exchange office. One example was Stan Pipe of Prince Albert. Work schedules permitting, every Wednesday afternoon during the 1950s he and a handful of employees gathered in the basement storeroom. Then using a blackboard and a basic manual or two, Pipe reviewed the fundamental principles of the flow of currents, resistence, Olm's Law, amps, circuitry and related topics.[176] This kind of group instruction—though rudimentary even by contemporary standards—was vital in smaller centres around the province like Prince Albert, where personnel had to deal with every element of the plant because of their limited numbers.

But that rather casual, even *ad hoc* approach to staff training began to alter during the 1950s, as technologies, management structures and marketing strategies became increasingly complex. One group was excluded from the general trend, however. As Ralph Wyatt and Don Robson both quickly point out, owing to considerations of age, experience and seniority, older employees were denied most opportunities for specialized instruction in the advanced technologies. The reason was simple. SGT could not spare these men from work on the conventional aspects of the public plant, such as PBX, teletype and central office, and yet keep the whole system operating smoothly. In short, there was no one among the new hirings "to fill their shoes; no one to do the job."[177] Almost their sole opportunity to enhance their skills and secure promotion at the same time, therefore, was to apply for higher positions within the plant as these opened in various centres around the province, where their accumulated experience and expertise were real assets.[178] Not a few long-term employees who had begun their careers with SGT as construction crew or linemen—including Gillis McCormick, Frank Degenstein and George Spencer—rose steadily through the ranks in this way to finish their career as a vice-president in, or General Manager of, the corporation.

At all events, to meet changing conditions, specialized instruction was introduced by almost every branch of the government-owned utility on a more formal basis. Programmed training was offered, for example, by the Traffic Department for operators at Regina, Saskatoon and Moose Jaw. Accounting personnel received tutoring in computer operation and date processing, while the Plant Department gave courses in electronics, transistors, radio, cross-bar and relays, as well as in maintenance and installation procedures. The goal was to ensure competent staff and efficient operation of SGT's complete equipment. The Engineering Department similarly conducted classes in a variety of subjects related to planning. The Marketing and Commercial Departments also offered training programs specific to their needs. In fact, by 1966 additional instruction was being offered to 1,420 personnel at the lower levels of the corporation through 65 different courses. Later, SaskTel even embarked on a new project to improve employee driving habits, in cooperation with the Saskatchewan Safety Council. As part of this effort, the corporation adopted grey and white vehicle colours with reflective blue markings, in place of the dark green formerly used, to improve highway safety.

Still more crucial, however, was that SGT (and subsequently SaskTel) had access to a steady pool of out-of-scope talent--often college educated--who possessed the necessary background and expertise to meet new challenges in business procedures and service areas as these developed. As far back as 1954, therefore, SGT began sending employees to attend annual Management Development courses offered by both the University of Western Ontario and Bell Canada. Where the former provided general training in the field, the latter gave more specialized instruction.[179] The Board agreed that these courses represented "a good start for the development of management personnel," and hence authorized the General Manager to arrange "for certain selected employees, who can be spared from duty, to attend" them on a yearly basis.[180] At first, only two staff members were chosen to go, but by 1961 this number had increased to 12. Also by that date, the cost to the corporation of traveling and living expenses per person had risen to $3,000-$3,500. To save money, therefore, the Board approved a recommendation of the General Manager to arrange for similar courses at Regina, at a cost of just $600 per employee.[181] It was a further indication of the need felt for precisely this kind of instruction, however expensive, that the Board also agreed "to present the problem of management development and supervisory training to the Government

Finance Office with a view of obtaining some guidance as to the present policy and future plans of the government and other Crown corporations on this matter."[182] What is more, the GFO appears to have considered the issue seriously.[183]

In the meantime, SGT sought out other management training programs. In 1959, for example, the Board consented to send two out-of-scope personnel annually to the Banff School of Advanced Management on a trial basis for five years. The cost to the corporation was $1,142 per person. The directors also discussed and approved a policy whereby SGT would absorb half the tuition, examination and book fees incurred by employees who successfully completed courses at Regina College (later the University of Regina) or other post-secondary education institutions.[184] This could only improve the qualifications of the corporation's management staff. In fact, looking back in 1961 on the benefits that had already accrued to SGT from the specialized instruction its personnel had received at the Banff School, Western Ontario and the Bell Company over just five years or so, General Manager S.B. Medhurst pronounced himself "satisfied that the results are worth while," and urged that the policy continue.[185] His successor, Gillis McCormick, moved even further in this direction, recommending in 1965 that 25 employees enroll annually at corporate expense in introductory economics classes given on the Regina campus. A special arrangement was also made with the college to offer advanced Economics of Communications courses tailored to telephone personnel, which would be open to the public, but "with priority of registration to SGT."[186]

McCormick similarly proposed sending at least one of the corporation's engineers to attend post-graduate refresher courses in communications engineering arranged annually by the Bell Telephone Company in cooperation with Queen's University at Kingston, ON.[187] This was crucial if the corporation were to keep abreast of the dramatic changes constantly occurring in all aspects of the industry, especially in technology. Already in 1961, S.B. Medhurst had brought to the Board of Directors' attention the fact that SGT was not included in the list of agencies entitled to representation on the Supervisory Council for the College of Engineering at the University of Saskatchewan, "pursuant to Bill No. 26 under consideration by the Legislative Assembly." Agreeing that the corporation could make a valuable contribution to the council and benefit in return, the Board prepared a letter for the Minister of Education, requesting that he reconsider the matter.[188]

Of more particular concern to SGT at this time, however, was the difficulty of retaining its engineering staff. Their skills were highly marketable in a private sector eager to hire them at salary levels far beyond the range of public service. Consequently, as early as 1962 SGT began a recruitment policy of offering full-time jobs upon graduation to prospective engineering students in the final months of their degree program at the University of Saskatchewan.[189] In this way, the corporation managed to fill vacancies opened by employee resignations and increase the numbers of its engineering staff, as well.

But the difficulty persisted and appears to have grown steadily worse, particularly during the Blakeney years. Finally, in 1974 General Manager Gillis

McCormick and the head of SaskTel's Personnel and Public Relations Department addressed the retention and recruitment problem, which they linked directly to low wage rates and cost-of-living factors. They noted that to combat the loss of staff and attract new employees, some government agencies had begun to offer cost-of-living allowances or adjustments to keep pace with the private sector. The Board subsequently approved a recommendation by both men to adopt a similar policy for SaskTel.[100] In the meantime, McCormick and Minister of Telephones John E. Brockelbank reported on their meetings with two employee groups that "had expressed concern over low ... morale in some areas, which they attributed to negative or otherwise faulty attitudes on the part of some management people in those areas." There was also a suggestion that the high rate of employee turn- over, especially in the Traffic Department (i.e., operators), was due to insufficient pay.

But the Board noted in response that SaskTel's wage rates compared favourably with most other telephone companies. Moreover, the recently announced cost-of-living allowance was now in effect. The results of an informal survey taken of a random sample of employees who had left SaskTel over a period of months similarly indicated no serious dissatisfaction with the corporation. The directors concluded with considerable justification, instead, that "the 'new generation' tend to be more independent and more likely to explore in their early years with less commitment to a particular employment for any length of time."[101] Gone indeed were the days when people like S.R. Muirhead began and ended their entire working life in service to a single employer.

Yet there was another explanation for the loss of staff that became more evident as the 1970s wore on. The Board projected in 1979 that over the next four years SaskTel would lose 128 positions. The majority of losses would occur at Regina and Saskatoon, it predicted, owing directly to the introduction of advanced technologies such as the mechanized directory assistance project and the TOPS program. Some gains in employment could be expected, on the other hand, from new home services and the local coaxial distribution system. The Board further noted that the corporation currently hired between 400 and 500 personnel each year, but lost 200–400 staff over the same period, for a net annual gain of 100–200 employees. The directors added that the effect of the projects already indicated and others like them would be to reduce the level of personnel gains during the next few years.[102] Yet the point was moot; for by 1984 SaskTel's need for new personnel to manage its expanding operations had made it the province's largest employer, with over 4,400 staff on its $138 million annual payroll. Owing, moreover, to the economic recession that struck Canada during the early 1980s, a Voluntary Early Retirement program had been implemented by the corporation the previous year with the deliberate purpose of reducing staff levels "to achieve cost reductions."[103]

There were, however, three other major developments — two internal, one external — that constitute the most significant organizational changes to occur at SaskTel during the Blakeney years. In 1975, the corporation announced plans to decentralize its operations. Twenty-seven individual subdivisions of its territory were created to that end, each with its own technical staff, at various points around the province. The goal was to reduce the time it formerly took to reach a repair job, increase efficiency of service and save on travel expenses.[194] A related purpose, equally important, was to improve the Crown's public relations specifically by providing "a SaskTel presence in the community which is now lacking due to the dial conversion program."[195] This was because the services of resident operators at the local level were no longer necessary to handle the new automatic exchanges.

Ever since its foundation in 1908, the public plant had enjoyed an intimate relationship with people across the province at the local level, where telephone employees both worked and lived in the communities they served. Consequently, notes Jean Freeman, the company's presence, whether as a government department or a Crown corporation, had traditionally been far more than economic. It had been social, too, with company employees quickly becoming active members of the communities to which they were transferred.[196] More than that, adds George Spencer, they acquired a leadership roles. "Anything that happened in town, the telephone guy was the first one called ... [whether] emergent (be it a flood), or for a social [event], or for putting together a ball game." As a result, Spencer always insisted that the men working under his supervision observe little things, such as keeping their trucks clean, in order to maintain a good impression.[197]

With the conversion to automatic technology, many of these employees had been extracted from the local communities, with the result that the old connection with the public plant was lost. Then following its experiment with centralization made possible by advancements in telephone technology during the 1950s and 1960s, SaskTel decided in the mid-1970s to restore that connection by placing personnel back in a number of the smaller exchanges, where many of these people remained until retirement.[198] The same kind of thinking lay behind the Board of Directors' decision some years earlier to apply for membership in the Chambers of Commerce at Regina, Saskatoon and other major centres across Saskatchewan.[199] What better way, after all, to gauge the province's economic climate and commercial needs than to participate directly in the local business community?

A second internal change occurred in 1979 when the Crown corporation was reorganized, following a report by the General Manager on the diversification of managerial responsibilities and rationalization of structures. The goal was to "make the corporation more responsive to customer needs, to help the corporation adapt to the rapidly evolving business environment, to keep abreast of new technological developments, and to increase the responsibilities and challenges for employees."[200] The current problem, as management saw it, was that SaskTel lacked provision for formal coordination between organizational units within the public utility as they related to the subscriber. As a result, effective reactions to consumer service needs depended too heavily on informal mechanisms. "This situation generally slows down the process of response to customer requests and makes it difficult for the corporation to succeed in those areas of service in which it is in competition with other service agencies." That led in turn to consumer dissatisfaction.[201]

Implemented on 1 April 1979, the reform program consisted of updating existing senior management positions, creating new ones and reapportioning responsibilities within a streamlined corporate framework.[202] As part of the restructuring process, the Board of Directors requested that information on proposed appointments be circulated among its members prior to giving their approval, along with an organizational chart indicating the position within the corporate structure of the new appointments to be made. It similarly asked for the qualifications of the top two or three candidates for each position, as well as some comment on the rate of progress expected in completing the reorganization plan.[203] Among the new management appointments to be created were those for Customer Facilities and Network Services. Some discussion followed also on the need for an Assistant General Manager.[204] Eleven existing second-level managers were to be reallocated to appropriate positions in the new organization, as well, along with the posting of nine new appointments at the same rank.[205] Several additional positions were created at the third and fourth levels of management, too, including general managers for Corporate Staff Services, Marketing and Customer Service (Regina), Facilities Services (North), Planning and Development, and Public Relations.[206]

Following also from the General Manager's report, the Board discussed the change in titles of senior officers in the corporation to reflect their new duties. The directors agreed to the position titles "General Manager" and "Director" (i.e., department head) becoming respectively "President" and "Vice- President" as of 1 January 1980.[207] The title of the corporation's General Council was amended also to include the words "Vice-President,"[208] as were the designations of SaskTel's other department heads in Personnel & Public Affairs, Operations & Development, Administration, Network Services and Customer Services. Each of these senior officers was to be responsible directly to the President (formerly the General Manager) of the Crown corporation. And each, with the exception of the Vice President-General Counsel, was to be aided by one or more assistant vice-presidents.[209] Not until January 1980, however, did any of these titles become effective,[210] when the first appointments of senior officials to the new positions were ratified formally, as recommended by management in consultation with an ad hoc committee composed of members of the Board.[211]

Other appointments followed in rapid succession, including a change of SaskTel's most senior officer. In August 1982, the provincial government transferred Arnold L.M. Nelson, the corporation's first official president, to the head of another Crown that handled data processing for all of the publicly owned enterprises. Temporarily in need of a replacement for Nelson until a permanent successor could be selected, the Board of Directors invited Gillis McCormick—who had just finished coordinating the Cornwall Centre project—to assume the post on an interim basis, with "all the duties, responsibilities, powers and authority normally attendant upon such a position." At the same time, he was appointed SaskTel's representative on the Trans-Canada Telephone System's Board of Management and on the CTCA Board of Directors, as well.[212] Thus McCormick, who had presided over the corporation as General Manager from 1965 to 1977, resumed his former position as head of Saskatchewan's publicly owned telecommunications plant for the next 12 months or so, when he was succeeded by Frank Degenstein. At that point, McCormick retired from a career that stretched over 53 years and three months, earning him the distinction of being SaskTel's longest-serving employee.[213]

Finally, in 1982 SaskTel undertook to diversify its management structure still further by implementing an Affirmative Action Program, approved officially by the Saskatchewan Human Rights Commission in October. Through staff development and instruction, provided partly by a central training branch established two years before to upgrade and update employee skills,[214] "the movement of women into greater responsibility will be accelerated." Another goal of the program was to "correct the under-representation of two additional target groups within SaskTel's workforce—people of native ancestry and people with physical and other disabilities."[215]

In all likelihood, many of these changes to SaskTel's corporate structure were stimulated as much by external initiatives of the Blakeney administration, as by the rapid progress of the industry at large.[216] For in 1978, the provincial government reconsidered the essential matter of cabinet control and direction of the Crown corporations in general. When the NDP assumed office in 1971, it had reestablished the influence of the Government Finance Office, which the Liberals had substantially decreased. The GFO was removed from its former dependence on the provincial Treasury, and then staffed with influential civil servants to whom the cabinet could turn for advice on public enterprise matters. These officials were trouble-shooters for the new government, in a sense. Otherwise, many questions of borrowing and finance were left with the Department of Finance, while the GFO became more of a policy bureau.[217]

Yet the very magnitude of the Crown corporation sector dictated the need for a stronger financial holding company than even the GFO had been when formed originally. In particular, the government "required the capability of evaluating the capital requirements of all the corporations and, if necessary, rationing capital in accord with the province's overall borrowing capacity."[218] Additional means were needed, as well, to coordinate those capital requirements with the actions of individual Crowns. That, in turn, raised the key matter of cabinet control of, and guidance over, the public enterprises once again.[219]

In short, the role of the GFO as a central or holding agency for the provincial Crowns was very ill-defined. Consequently, one of Donald Ching's duties as its newly appointed head in 1974 was to reexamine the concept of public ownership in Saskatchewan and its history with respect not only to "the ideology of its creation, but [also] the ideology of its operation for the period of time since … 1944, when the CCF took office," until the mid-1970s.[220] The various concerns raised and deliberations made about the place of public enterprise in the province led, in turn, to the passage of a revised Crown Corporations Act in 1978, under which the GFO was restructured and renamed the Crown Investments Corporation of Saskatchewan (CIC). Particular emphasis was given to capital considerations in establishing the new agency.

The legislation both updated the original Act of 1945 and clarified the role of the CIC in financial policy as a holding company for the Crowns, including SaskTel. It also specified in greater detail the responsibilities of the Boards of the various corporations.[221] One of the directors for each of the larger enterprises, for example, was to be a senior CIC officer with responsibility for policy matters. At the same time, he was to act as a link between the Board on which he served and the CIC, in order to provide up-to-date information on significant developments or issues in the corporation. The CIC had the capacity, as well, to advise and assist the Crowns in accounting and legal matters, research, industrial relations, personnel policy and public relations; to provide technical support to those corporations that lacked sufficient internal expertise; and to ensure consistency of practice among all 17 government enterprises, six of which had been formed by the NDP.[222]

The Crown Investments Corporation was essentially, therefore, "a more complex version of the GFO."[223] The original elements of the Crown-corporations structure in Saskatchewan were thus maintained and strengthened. Under the new legislation, the various enterprises operated independently from the government's accounting system and public service procedures, to be sure; yet they did so within the broad policy control and direction of the cabinet.[224] This was Blakeney's way, in other words, "of keeping the government on top of what was happening" in the Crowns. Accordingly, no plans for new building projects or loans could proceed without prior authorization from the CIC. Not only did this authority give the new agency immense power; it also provided the premier with "an elaborate mechanism for information about the ministers who chaired the corporations and their empires."[225] Consequently, just as in the later 1940s and 1950s under Tommy Douglas and the CCF, it was possible in 1982 at the end of Blakeney's mandate to describe public enterprise in Saskatchewan "as a set of diverse corporations, each with a substantial degree of operating autonomy, but linked together as part of the government's economic development effort."[226] SaskTel, the oldest enterprise of all, was a prime component in this structure.

Reviewing the corporation's achievements over the years in 1982, the *Annual Report* boasted that ever since its foundation in 1908, the government-owned telephone enterprise had built "a vast and intricate network of wires and cables, microwave-radio towers, and complex routing systems to service the province's scattered population."[227] The number of telephones in service had reached a record 678,000, nearly triple the total in 1971.[228] Construction on the world's longest commercial fibre-optics network had also reached midpoint, while the Rural Service Improvement Program had finally been completed. In addition, SaskTel's new videotex service trial, named "Pathfinder," had started during the year[229]; at the same time, the corporation's local cable television system served 115,855 subscribers and continued to grow. Long-distance messages originating in Saskatchewan had reached an all-time high of 87.2 million, nearly four times the number in 1971, contributing substantially to the Crown's net income.[230]

In many respects, though, 1982 had been a particularly challenging year for SaskTel, as the corporation endeavoured to fulfil its basic mandate of planning, constructing and operating a world-class communications system capable of providing Saskatchewan residents with all forms of telecommunications services. For continuing high rates of interest and inflation that had appeared during the previous year or two "exerted considerable upward pressure on the corporation's operating and capital investment costs." Consequently, although the inflation rate in Saskatchewan was lower than the national average, SaskTel, "as a supplier of both provincial and interprovincial telecommunications services, remained somewhat vulnerable to economic trends."[231] This explained why its net income for the year amounted to only $7.8 million, half of which was declared as a dividend to the Crown Investments Corporation, as compared to $24.3 million just 12 months before.[232] This represented a substantial drop in income. Recognizing that the "squeeze" on its financial resources would likely extend into 1983, the corporation undertook to improve productivity and revenues, in order to ensure that SaskTel continued to meet the requirements of its customers "at the lowest possible cost while maintaining traditional high standards of service."[233]

In the meantime, the government-owned enterprise sought to satisfy its responsibilities as a public utility to the people of Saskatchewan, according to a list of service goals and objectives outlined in 1979. One was to provide efficient and integrated voice telecommunications with universal access to other services such as video and data "wherever practicable." Another was "to explore and apply all appropriate new technologies to optimize the benefits of one integrated network," while improving both the quality and reliability of services to all users in urban centres, as well as in rural and remote areas. A third goal was to connect the corporation's facilities with those of other TCTS members, in order to meet the demands for nation-wide, continental and overseas communication.[234] But the chief challenge facing SaskTel for the remainder of the decade and beyond, concluded the company's 1982 *Annual Report*, would come

> *in the application of new telecommunications technologies that have evolved over the last decade and the others that will surely follow. As in the past, SaskTel will continue its leadership in the telecommunications industry by applying those technologies in such a way as to provide the best telecommunications services to the greatest number of people at the lowest possible cost.*[235]

Little could the corporation have foreseen, however, that the real challenge after 1982 would be political, not technological, or that SaskTel's very existence as a public utility would be cast in the balance.

CHAPTER FOURTEEN

PRIVATE OWNERSHIP VERSUS PUBLIC OWNERSHIP, 1982–1992

IN APRIL 1982, A POLITICAL EARTHQUAKE shook Saskatchewan. The Progressive Conservatives, reinvigorated under leader Grant Devine, routed the governing NDP at the polls by capturing 55 of 64 provincial seats. This represented a decisive dividing point between the post-World War II era, when "politics were relatively stable in the sense of the contending forces of social configuration of the things that mattered to politics," and the subsequent period of profound change—still unfolding today—during which many of the established foundations of Saskatchewan politics either vanished or transformed "beyond recognition."[1]

Paving the way to that remarkable political metamorphosis were basic changes in the social and economic reality of the province since 1944, coupled with the onset of global recession at the turn of the 1980s. Urbanization, mechanization, and the growth of large-scale farming had produced increased prosperity in the decades following World War II, but in the process "destroyed many of the smaller rural communities and permanently altered the way farming was 'done'."[2] The oil crisis of the early 1970s had contributed further to developments by forcing governments at every level to borrow heavily, in order to meet their expenditures. As a consequence, inflation rates soared to unendurable heights, followed by an economic crash that struck Saskatchewan, Canada and other industrialized nations in 1982 with crippling force. Precisely because "traditional Keynesian prescriptions [of using public money to stimulate economic recovery] seemed not to work in this new confluence of debt and inflation," some observers urged marketplace solutions to the worsening problem. That resulted in profound ideological change in all liberal democracies during the 1980s, which "transformed many of our ideas about politics."[3]

From the NDP's perspective, however, the actual election planning of the 1982 campaign was conditioned less by the onset of economic recession than it was by the government's fixation on constitutional quarrels with Ottawa over such issues as oil and potash revenues, the province's role in Canada's international trade, and the Crow rate that had guaranteed low freight charges for the transportation of prairie grain since 1897.[4] Though such broad constitutional concerns were important for the life of the nation, they were not necessarily important for the life of the Saskatchewan people. In the process, Blakeney and his administration lost sight of "domestic" matters, while the province and its residents slid into economic turmoil as the global recession began to take devastating effect.[5] Certainly, the government failed to recognize the severity of the downturn happening before its eyes. Disputes with labour groups on the eve of the spring election and the general loss of support in rural districts where the population had been in steady decline during the 1970s, further eroded the NDP's position. Exacerbating these problems was the lack of a consolidated Opposition during much of the party's three terms in office that might have challenged its policy on issues like the government's continued use of Crown enterprise as the major instrument of economic development, instead of the more traditional model of private enterprise.[6]

The Conservatives, by contrast, ran a populist campaign in 1982 that concentrated on domestic affairs where the NDP was most vulnerable to attack, including tax reduction, debt relief and reduced government intervention in the provincial economy to stimulate private investment in resource development. That rendered any future campaign focused on the fight against the federal Liberal government almost irrelevant to Saskatchewan voters, who were heartily tired of Blakeney's preoccupation with constitutional issues.[7] This meant that without the Crow Rate as a focal point of debate, the NDP had no significant policy for rural Saskatchewan, its traditional base of support.[8] The campaign focused, instead, on the divergent spending plans proposed by the rival parties for the revenues earned from Saskatchewan's natural resources.

The Tories promised in particular to eliminate the provincial tax on gasoline and subsidize all mortgages above 13.15 percent," regardless of income brackets. This undercut the Blakeney government's more modest mortgage-relief program of 15 percent.[9] It further allowed Conservative leader Grant Devine to attack the incumbent régime's hallowed policy on public enterprise, by alleging that the NDP was more concerned about its family of Crown corporations than about the family of the individual voter. "That was a great line," admits Garry Simons, who was Blakeney's Deputy Minister of Labour at the time.[10] Devine also pledged to freeze utility rates and to end "Land Bank" purchases—a cornerstone of NDP policy established in 1971 specifically for the purpose of purchasing land and leasing it back to young farmers. The goal was to enable people to engage in agriculture unburdened by heavy capital investment.[11] Devine promised, in short, a less interventionist government as the foundation of his political platform, with a specific view to stimulating investment by the private sector.

Yet this alone does not explain the astonishing outcome at the polls in April 1982. That was located partly in voter attitude that, after almost twelve years of the same party in power, it was time for change. Primarily, however, the NDP defeat was owed to a steady decline of rural population to just under 42 percent of the province by 1981, thus transforming the electoral base and internal nature of the New Democratic Party in significant ways.

Most important was the rapid replacement of "left-wing agrarianism" by "right-wing populism" among Saskatchewan farmers, as the old CCF generation whose perspectives had been moulded by the Great Depression and war years moved into towns, and younger people with no experience of these historical events and little appreciation for such venerable institutions as the Wheat Pool, occupied the land. More amenable to private-sector measurements and methods, and more skeptical of government's role, the new generation of farmers was both socially and economically conservative.[12]

Slow to understand, let alone respond to, the changing demographics, the NDP effectively transformed during the 1970s from a rural party with an urban branch to a largely urban party with some rural backing. That ended the old political culture and materially affected succeeding elections and debates.[13] Labour's close association with the NDP decayed over the same period into "open warfare" during Blakeney's last term in office.[14] Legislating striking hospital employees back to work on the eve of the 1982 election exemplified this escalating friction, completed the alienation of the NDP's traditional voter base, and ensured the party's defeat.[15] Ultimately, this political turn of events marked

> *the end of an era though few recognized it at the time. Left agrarian populism had entered a permanent decline and the NDP would never again enjoy hegemony in rural Saskatchewan. While New Democrats would regain their urban working class voting base in the cities, organized labour would no longer play a meaningful role in influencing party policy. By the time they had regained power in 1991 the New Democrats were under new leadership and had begun transforming a social democratic party into a Liberal party.*[16]

THE CONSERVATIVE CHALLENGE TO PUBLIC OWNERSHIP

Whatever its long-term repercussions for the changing character of provincial politics and of the NDP as a political party in Saskatchewan, the outcome of the 1982 vote had potentially profound and immediate consequences for SaskTel's future as a Crown corporation in a way that no election had since the CCF first gained office in 1944. The new administration was not content simply to modify existing programs like the Land Bank or encourage private investment in public enterprise, as the Liberals had done under Ross Thatcher. Rather, it sought to dismantle public ownership altogether at a time when the very principle itself was under concerted attack by conservative régimes in Great Britain, the United States and across Canada, on every level.

"Not since before 1944," writes Howard Leeson, "had the private enterprise forces had such a sweeping victory" in Saskatchewan politics.[17] The Devine administration enjoyed a great deal of electoral goodwill, moreover, when it took office. But it launched into its first term on a number of wrong assumptions, chief among which was that the extraordinary prosperity of the 1970s, or at least some portion of it, would return. So during the new government's initial years in power, it—like the NDP prior to the 1982 election—failed to recognize just how savage the prevailing economic crisis really was.[18] Not until later did this become apparent, with important implications for Tory policy, as the issue of debt and deficit drove the political agenda not only in Saskatchewan, but also across Canada during most of the 1980s.[19]

SAB 82-773-754A
Grant Devine, Premier of Saskatchwan, 1982-1991

The result, starting effectively in 1987 during Devine's second term, was a massive privatization program of dismantling the Crown corporations, which only slowed in late 1989 "after public opinion polls indicated that the electorate felt [the Tories] had gone too far."[20] Broadly speaking, the Devine government's goal was the fundamental transformation of the political culture of the province. The new premier used privatization as an active policy to shape public opinion, in order "to purge the Saskatchewan electorate of all traces of its collectivist and social democratic heritage, and to replace this with an idolatry of the marketplace."[21]

A former professor of agricultural economics at the University of Saskatchewan, Grant Devine was a relative newcomer to the political arena who not only embraced, but also adapted the emerging ideology of "neo-liberalism" to his provincial program and business policies. Sometimes also called "neo-conservatism" or the "New Right," neo-liberal thought opposes government intervention in the economy, the welfare state and collectivist values in general, but embraces private enterprise and the free-market system. Among its core precepts is the laissez-faire proposition "that the unfettered market is attractive to anyone seeking an opportunity, for it is the market that maximises opportunity."[22] Neo-liberalism further assumes that, by definition, government bureaucracy will do most things poorly, whereas the private sector will always do a superior job. Hence its corresponding conviction that government's role in the economy must be reduced, first of all by selling-off publicly owned assets to private investors.

Already by 1982, the New Right had found its two most vocal, aggressive and imposing champions, British Prime Minister Margaret Thatcher and US President Ronald Reagan. These two leaders "quite literally burst upon the decade, overwhelming all before them."[23] Following from their example, the force of capital began to dominate in liberal democracies, a process accelerated by the collapse of the various Communist régimes across the world. As a result, "conceptions of politics, the role of governments, indeed, the very directions of social change, were drastically altered."24 Furthermore, because Thatcher and Reagan also headed countries that served traditionally as "polestars" for Canada, it was hardly surprising "that at both the provincial and federal levels the ideas of neo-liberalism penetrated to the heart of public policy."[25]

Grant Devine, in particular, was attracted to the new ideology. For him, as well as for other Saskatchewan Tories, the province had become a "hotbed" for neo-liberalism, owing to its long history as a laboratory for social democracy.[26] While still leader of the Opposition, he had become convinced that Saskatchewan's stagnant population growth and dependence on a narrow resource-based economy that surged and floundered by turns according to resource cycles, were the direct result of the NDP's wrong-headed socialist policies, all of which had failed.[27] "We need a redirection in attitude," he asserted in 1982, "a new marketing thrust for this resource-rich province capable of creating jobs and turning around the pattern of the province's youth having to leave to find their careers." To that end, he continued, "we must have a new direction in management that focuses on the consumer, on people—rather than on the business of government."[28] Among Devine's first actions as premier-elect, consequently, was to declare that Saskatchewan had finished with socialism and was officially "open for business"—a slogan Ross Thatcher had coined 15 years earlier, but which his Tory successor now intended to publicize far and wide.[29]

Given the political ethos of the new Conservative régime, the question of public versus private ownership arose almost at once as it related specifically to the province's 26 Crown corporations, including SaskTel. For among his other electoral promises, Devine had vowed to curtail government enterprise, a pledge that apparently had struck a chord with Saskatchewan voters. The new premier further charged that far from inheriting a strong treasury from his predecessor, Blakeney had saddled the government with a huge hidden deficit, located largely in the Crowns. SaskPower alone allegedly owed almost $2 billion. "Here was the astonishing lie to NDP claims that they had left the province debt free."[30] The truth of the matter, however, was that any debt carried by the corporations was self-serving and in no way a burden on the taxpayers.[31] At all events, the issue of the Crowns resided at the very centre of the Tory-NDP divide, if only because Devine and his novice administration had inherited "a province with a long history of political solutions to economic problems and a degree of public ownership that were unmatched in North America."[32]

Government enterprise in Saskatchewan was, of course, almost as old as the province itself. As NDP Party strategist Mark Stobbe explains, direct state involvement in the economy had been pursued by successive régimes—whether Liberal, Conservative or Socialist—to foster regional development, generate resource revenue and provide utility services. It was a pragmatic response, echoes Kenneth Stein, to real or perceived policy needs "when it was felt that the private sector could not or would not do the job."[33] Government enterprise was implemented so consistently, in fact, that by 1982 Saskatchewan was unique as the sole jurisdiction on the continent to feature social ownership of the complete range of public utilities, as well as insurance. Hence, Crown corporations were not only the logical extension, but also the fullest expression of the government-enterprise principle. Their purpose was not just to build and strengthen the regional economy, but also "to provide the best possible service at cost ... to be competitive, to excel as an enterprise, to innovate, to grow, to thrive ... to build up the community and make it economically sound."[34] In other words, they became perhaps the key feature in the economic past, present and future of the province's strong "public enterprise culture."[35] This was facilitated by the fact that in most instances the state-owned entities constituted a natural monopoly, according to which the element of competition in the marketplace "made little sense."[36]

Social policy, not profit, was thus the motive for the creation of Crown corporations. With Grant Devine's electoral victory in April 1982, however, the role of government altered suddenly. Given the extraordinary degree of social ownership in Saskatchewan and the Conservative Party's ideological orientation, it was "inevitable" that the Tory premier and his cabinet "would look for ways to put private enterprise into the driver's seat,"[37] starting with the Crowns.

The special object of Tory scorn, these corporations were viewed with suspicion and hostility as being antithetical to neo-liberal ideals and the new régime's pro-business message. Behind that mistrust lurked a still more basic idea that the transference of power and economic ownership to the state in the first place, had constituted an assault upon democracy.[38] Public ownership was regarded, in brief, as anti-democratic and an "institutional affront" to the principle of private enterprise.[39] Consequently, many Tory activists, including the premier, wished to dispose of the Crowns as embarrassing reminders "of a passing era of ineffective statism,"[40] whatever the benefits to be gained by reducing the size of the public sector and restoring private enterprise to its "rightful place of dominance" in the production of goods and services.[41]

Within party ranks, however, council was mixed over how to proceed, for the established system of public ownership was supported widely even by those who had voted the Conservatives into power.[42] There were other considerations besides. Selling the Crowns would produce a short-term financial windfall that could be used to pay down the public debt, fund new government projects or provide cash incentives to attract private enterprise. But the same corporations generated an enormous portion of state revenues that would have to be recouped in the long term from alternative sources, such as increased taxation. That was sure to be unpopular. Furthermore, because utility Crowns like SaskPower, Saskatchewan Government Insurance (SGI) and SaskTel "had long and venerable histories of service to citizens in all parts of the province and all parties," any overt assault on these for the mere purpose of satisfying "ideological purity" could be "suicidal" at the polls.[43]

The Devine administration proceeded very cautiously during its first term in office, therefore, confining its actions to cancelling plans proposed by some of the corporations, dismantling a number of minor services, curtailing new money for public-sector projects, and replacing management-level personnel considered ideologically impure with appointees from the private sector.[44]

Beyond these initial measures, no immediate steps were taken to implement the massive privatization campaign the Tories had vowed. The cabinet elected instead to appoint a special review commission under Regina accountant Wolfgang Wolff and a panel of small-"c" conservatives. Its brief was to investigate the role of the provincial Crown corporations, with particular regard to objectives and viability, management structures, financial arrangements, and accountability to the government and people of Saskatchewan.[45] The outcome was a foregone conclusion. Wolff's finished report, presented in January 1983 after six months of investigation, confirmed Tory charges that the Crowns were mostly "losers, weighted down with non-performing investments," while "nearly half of their assets were non-commercial."[46] Because they also lacked a set of detailed corporate objectives, there was real uncertainty "about the specific purposes and goals" of particular enterprises.[47]

The report then offered specific recommendations for organizational, structural and even philosophical reform, designed to make the corporations more efficient commercial enterprises, to enhance their autonomy from political control by diminishing the capacity of ministers to interfere in business operations, and to relieve the Crowns' of their "socially-oriented mandates."[48] Above all, the proposed reforms reflected the neo-liberal principle that real prosperity was achieved best in a free-market economy, within which the private sector could provide social services more effectively and inexpensively than the state.

Although many of the Wolff Report's recommendations were enacted almost immediately, Grant Devine still hesitated to launch the thoroughgoing privatization program he had promised prior to his election. For most of his first term in office, he continued to stall plans to dispose of Saskatchewan's Crowns. More surprising still was that in apparent contradiction of neo-liberal ideology that focused on removing government from the economy, the Tory administration actively engaged in joint ventures with, part ownership in, and subsidization of private industry, using taxpayers' dollars.[49] This activity became more pronounced during Devine's second term, at the same time that he began to sell off some of the smaller Crowns. In fact, if one looks at the actual figures, one will discover a strange anomaly in the premier's behaviour: that the growth in public investment under Grand Devine, though far less significant than during the Blakeney years, was much steeper than under the subsequent NDP régime of Roy Romanow.[50]

In the mid-1980s, for example, the Millar Western Pulp Company approached the Conservative governments of Alberta and Saskatchewan for assistance with plans to construct pulp mills in both provinces, at Whitecourt and Meadow Lake respectively. For the funds they injected, the Klein administration at Edmonton took a debenture; in effect, security paper against the loan. For the money they invested, the Devine administration at Regina took common shares; that is, part ownership. How does one explain this remarkable divergence between two régimes that were alike in many ways, shared a common border and avowed the same neo- liberal ideology of privatization? By acknowledging that "there is a strange phenomenon in Saskatchewan, where governments—regardless of their political stripe—have used ... public investment with a fair amount of aggressiveness," according to a long-established ethos that remains at the core of the province's social-democratic heritage. The lesson is that political change at Regina does not automatically or necessarily bring with it policy change with respect to public ownership.[51]

But while Grant Devine stalled his privatization plans during his first term, the issue flared up across the country, as the old debate over private versus public ownership reignited to become a political *cause célèbre* and "one of the most significant and important features of the public policy landscape" in recent times.[52] As commentator Don Gracy noted in 1985, "probably no other sector of Canadian public administration has been subjected to such scrutiny over the last decade." The result was a proliferation of government studies, commissions and inquiries at both federal and provincial levels into this "increasingly controversial topic." More than likely, he predicted, "such interest will be sustained over the next few years, given the resurgence of Conservative governments throughout the country and the general concern with 'privatizing' at least part of a sector which accounts for some 10–20% of the [national] GNP."[53]

Canadian history "is rich in examples of the utilization of public enterprise as a policy instrument in pursuit of a wide range of policy objectives."[54] To strong advocates, this venerable entrepreneurial tradition was the logical outgrowth of the nation's colonial past and the prominent role of staples in it.[55] Moreover, state involvement in the Canadian economy had given the country some of the world's best facilities, services and technologies, while simultaneously promoting such vital qualities as indigenous ownership and control, self-reliance and originality. It had also reinforced the sense of community, because "public ownership is democratic ownership." As a result, oligarchic, minority and foreign control were effectively excluded. Above all, government enterprise was an economic expression of the nation's self-awareness as "a distinctive and independent community on the North American continent."[56] According to this "heroic interpretation" of the matter, Crown ownership and investment were viewed specifically, and "rather romantically, as key parts of the eternal Canadian struggle for a distinctive identity in the face of the often overwhelming presence of the United States and natural economic forces."[57]

Thus to a greater or lesser degree, state enterprise—exemplified by Crown corporations—was "intended to maximize some set of policy objectives in addition to, and indeed in opposition to, profits." Failing that, there would have been little reason for social ownership or Crown corporations to exist.[58] As for the perceived benefits of public ownership, these included improvements in: 1) efficiency and the ability to innovate or undertake major risks; 2) social relations within the particular enterprise; 3) social equity, by reducing rates for disadvantaged citizens; and 4) regional and urban balance, as a means to soften the social impact of enterprise decisions.[59] The persistence of "natural monopolies" in certain industries continued to provide, meanwhile, the most widely accepted justification for economic regulation invoked by governments and professional economists alike.

Under the new circumstances, however, that concept experienced a subtle change in definition since the early twentieth-century debate. "Natural monopoly" still applied to any industry "where economics of scale are such that only one firm will emerge [to dominate] even if a large number of firms enter the industry." But where the original definition had held that chaos would be the result of free competition in the provision of certain utilities or services, and that these ought to be assigned, therefore, to public ownership or—in the last resort—to a single provider in the private sector,[60] the new interpretation argued that monopoly would be "the inevitable conclusion." Furthermore, because all competition involves some duplication of plant facilities and work effort, the real question is "whether the pressures of competing market forces produce a better or cheaper product than a single supply service."[61] Since production costs can be minimized most effectively by one firm, "competitive entry is inefficient as the total market can be served at lowest cost" by a unique provider.[62] The danger with unregulated natural monopoly, however, is that it can lead to higher prices and lower output, not the reverse. Rate control and public ownership are, consequently, the most effective regulatory instruments commonly employed "to align the natural monopolist's behaviour with the social optimum."[63]

Yet not everyone agreed that government enterprise was the appropriate means to these ends. On the contrary, the frequent charges of inefficiency leveled in much of the literature on Crown corporations and by the press during the 1980s stemmed directly from two related sources. First was their divergence from market results. State enterprises were stereotyped as bureaucratic and stodgy entities, whose limited flexibility in response to a new age of rapid economic and technological change was a direct result of "politics."[64] Second was the widespread perception that lacking genuine political control, government enterprise was out of control, though proof of this was seldom offered by critics of the day.

Ultimately, the different perspectives on Crown corporation efficiency were defined by political affiliation. For the most part, parties of the right or centre regarded public ownership as an alternative to incentives, subsidies, tax breaks and so on, in support of the private sector.[65] Hence, these political groups tended to measure corporate performance, especially of commercial enterprise, by the same standards of profitability used in private business, where "making money, maximizing profits or, alternatively, maximizing the current value of the owner's equity shares are the primary goals."[66] Parties of the left, by contrast, consistently viewed Crown corporations as instruments of economic and social control "in line with the goals of redistribution and deconcentration of power."[67] Government enterprises were created not strictly to generate profits, but to fulfill such policy objectives as increased employment and regional development. So to gauge their efficiency solely on the basis of profit and loss was unrealistic. As leading instruments of public policy, they were generally (though not always) less profitable than comparable firms in the private sector, owing largely to the extra costs incurred in meeting particular socio-economic or political ends.[68]

PRIVATIZATION GAINS GROUND: THE TELEPHONE ARGUMENT

Very quickly, the dispute over public ownership that reignited in the early 1980s came to focus on Canada's telecommunications industry, which now entered "a difficult, perhaps fatal, period in [its] history."[69] In a thoughtful report commissioned by Ottawa in 1986, author Michael Denny explained why this was so. Over the past quarter century, he began, there had been a movement toward the use of regulatory bodies to control government enterprise in telecommunications. Seeking to provide the general public with a forum to probe Crown corporation activities in the field, and avoid public criticism of their enterprise policies at the same time, provincial administrations—particularly in the West—had found it politically prudent to establish autonomous agencies to review and approve decisions on such sensitive matters as rate-setting. "In this way," wrote Denny, "the governments could shift the burden of responsibility for telephone rates to the regulatory agency and gain some legitimacy for the required charges."[70]

But by the 1980s the telecommunications industry in Canada had reached the end of an era when it was a stable utility that provided basic service to almost all the population. Owing to rapid innovations in technology, the commercial potential for telecommunications had soared. As a result, Denny predicted, the industry could develop in one of two major ways. Either it would become competitive (i.e., private) with little or no regulation and government enterprise; or it would evolve into a new monopoly form, based on costs and available technology, that required regulation and/or government ownership.[71]

If government enterprises were to survive under the new conditions, warned Denny, "a new role must be found for them which conforms with the recent advances in the technological possibilities" now at hand. In the western provinces until very recently, he continued, most telecommunications systems had been government monopolies that benefitted from large surplus profits generated by long-distance or toll traffic. The introduction of new equipment and services had also been accomplished under official control, thus eliminating many of the financial risks usually involved. These advantages, however, "are or will be lost." With the advent of competition in both the equipment and long-distance markets across Canada, the telecommunications industry—"as defined by its current range of services"—would likely cease to be a monopoly in future, as government ownership and regulation underwent radical reassessment.[72] As it was, basic networks were increasingly unable to support the many enhanced services now available, thus raising serious questions about the feasibility of integrating the different systems across the country and within each province.

Also at issue was the nature of the pricing structure that was necessary "to achieve a high proportion of subscribers of all households." At particular risk was the "politically relevant issue of universal service," which was generally subsidized from telephone revenues. As competition spread (privatization opponents argued), these revenues would plunge and alternative forms of subsidy—such as "life-line rates" funded by taxes—would have to be implemented to guarantee minimal service to specific groups in the general populace.[73] Cross-subsidization is only sustainable, after all, if a state enterprise holds a monopoly position.[74] Ultimately, advised Denny, there were two key components of government policy in support of competition in the telecommunications industry. The first was a willingness to let prices adjust to market conditions without political interference. The second was the need for government "to sort out the particular subsidies it wishes to maintain."[75] But the future of public enterprise was likely to be difficult in any case, he concluded, if for no other reason than government participation in the competitive market would require some form of justification in the long run.[76]

As the debate over social ownership of Canada's telecommunications widened, SaskTel became an object of intense scrutiny. In almost every case, those who joined the discussion, whether as independent observers or "hired guns" of one faction or another, began by acknowledging the historical antecedents of government-controlled telephones as the starting point of their arguments for and against continuing the practice. A primary concern of public policy framers, these authors all began, was "the extent to which the telecommunications sector is a natural monopoly, hence perhaps rendering competition undesirable." A secondary concern pertained to the structure of rates charged for the different services provided by telecommunications firms, and in particular whether these tariffs were efficient and equitable or in need of reform.[77]

The formation of public telephones during the early years in the Canadian West "reflected the requirements of frontier and community development." Lacking legislative authority over the Bell corporation within their boundaries, and recognizing that without substantial subsidy the telephone giant was unlikely to invest in crucial but unprofitable rural service, the Roblin, Scott and Rutherford governments had readily enacted public ownership of the telephone utility.[78] Their ultimate aim was to provide service at a reasonable price to all citizens within their jurisdictions, particularly those living in sparsely settled rural districts, and at the same time to avoid the potential problems with a private monopoly. Also required in Saskatchewan, at least, was that the government telephone system be financially self-supporting. This meant setting tariffs on some services to exceed costs, in order to cover the losses incurred from other rates set artificially below costs. The general result was a system of cross-subsidization, whereby business customers subsidized residential service, urban subscribers subsidized rural service, and long-distance users subsidized local service.[79] All three historic goals of public ownership—universal coverage, low cost and economic self-sufficiency—were achieved over successive decades, especially in Saskatchewan where basic telephone service was available in all corners of the province by 1982 at very cheap rates.[80]

Indeed, observers on both sides of the privatization debate in the 1980s agreed that SaskTel and the other two provincial plants in Alberta and Manitoba had fulfilled these policy objectives.[81] They operated efficient telephone systems that offered service to all residents at moderate prices, without causing fiscal or political embarrassment for the governments involved.[82] Many were also impressed that these public utilities had grown more swiftly in recent years than their privately owned counterparts and were, on average, more technologically advanced. This was because they had greater freedom to choose among suppliers, in order "to achieve maximum effect in purchasing equipment." The Bell corporation, by contrast, was "vertically integrated" with a rigid set of associated manufacturers.[83] Consequently, the three prairie telephone systems did not fit the "typical" portrayal of a government enterprise that was troubled, wasteful, mis-managed and financially burdensome to the provincial treasury. On the contrary, admitted Michael Denny, they were success stories "relative to many other government enterprises and relative to a practical standard of maintaining good relations with their customers and owners." They directly refuted, in short, the prevailing criticism that the public sector "must necessarily provide a poor telecommunications system" in comparison with private business.[84]

Observers divided, however, over the core issue of rates—first, because SaskTel and its western counterparts had priced their services "in a manner that is poorly related to costs"; and second, because no public overview of operations or rate-setting occurred outside the political process.[85] This situation was most apparent in Saskatchewan where, prior to 1983 no independent regulatory board had existed to review the scheduling of tariffs. That was handled by Cabinet alone without reference to the general public through open hearings. Thus effectively excluded from direct participation, provincial residents could affect decisions at second hand only, via their elected representatives in the Legislature.[86]

The issue of rate regulation was just one facet, however, of the broader and more intense debate over competition. From the outset, opponents of public ownership held the upper hand. Not only, they argued, was the future of government enterprise threatened by the onward march of competition in telecommunications; it was irresistible in the long run.[87] To begin with, technological change had cast into doubt "the continued desirability or inevitability of monopoly in many aspects" of the industry.[88] Because, noted a report commissioned by Ottawa in 1986, telephones required an extensive network of wire, the introduction of rival providers would result in the duplication of costly facilities. "This remained largely the case for local service." Long- distance, by contrast, was now frequently managed by radio, using satellite or other advanced systems. That at least raised the possibility of competition, while in time even wire for local service (the report predicted) might similarly be supplanted. The advent of computer technology further contributed to this "competitive impulse," affecting both the demand for telecommunications services and the nature of the systems used. Moreover, as the quality of specialized facilities for such functions as data transmission varied from that required for the human voice, "the possibility of separate, parallel networks for different purposes arises." It was even feasible to erect digital networks that carried all voice, data and facsimile messages,.without using conventional media.[89]

The recent outcome of these developments was, concluded the report, "increased variety and choice in the method of handling telecommunications." Technological change had stimulated competitive forces across Canada, and these in turn had provoked new tensions for such customary practices as cross-subsidization. Hence, competition in various forms had begun already to penetrate the Canadian telecommunications industry; it was also endorsed at the federal level. In 1981, in fact, the Economic Council of Canada (ECC) had broadly encouraged "competition in telecommunications, citing particularly the benefits anticipated from dynamic and technical efficiency--namely, the development and adoption of new technologies and services."[90]

Under the changing circumstances, warned other proponents of privatization, the governments of Saskatchewan, Alberta and Manitoba would have to accept a far more limited role for public ownership of telecommunications once the competitive forces were established fully. At the very least (and for the first time in many years) they would have to reappraise the goals and objectives of the telephone enterprises under their control in radically different ways. The implications for social ownership in each province would become especially serious if competition arose in the long-distance market, since all three systems used high toll revenues to offset low local rates. Competition would slash the income from this source, requiring a sharp increase in local charges to recoup the loss. As it was, some recent tests of overall economics of scale and scope with respect even to local service had demonstrated that it—like long-distance—could be provided on a competitive basis without loss of efficiency. This did not refute the idea that telecommunications were a natural monopoly, to be sure; but the competitive alternative was not canceled by the available data, either.[91] Even accepting, however, that public enterprise had a future in the rapidly changing business milieu of the 1980s, without a monopoly in the provision of service the subsidy policy of each provincial plant and its government was in jeopardy.

For some observers, the "Basic Mission Statement" formulated by SaskTel in the mid-1970s well illustrated the major objectives and inherent contradictions of all three prairie systems. Wrote Michael Denny, the basic organizing principle of the document was the "utility concept," of which there were three components. First, because "the delivery system is a 'natural' monopoly for those services where universal access is required," SaskTel held "an exclusive market franchise within the geographic area that it serves."[92] Indeed, noted the ECC, prior to 1986 the corporation would not permit even a limited form of long-distance, let alone local, voice connection with its public switched network, which Cantel and the CNCP had won already for their facilities with the Bell Canada and B.C. Telephone systems.[93] Second, the provincial plant was required to serve all customers equally, without undue discrimination, and "to refrain from meeting the request of individuals or groups for preferential treatment." To meet that ideal, SaskTel undertook to provide universal service, privacy, immediacy, two-way simultaneous transmission, and choice both of message form and message content—precisely those performance areas in which the company chose to be judged. Third, the Crown was held accountable to the Saskatchewan people "with respect to the prices that it charges and the conditions of its service."[94] For that reason, the management explicitly recognized the directions and guidelines of the government. In particular, services were to be priced "so as to encourage as many Saskatchewan residents as possible to subscribe to basic telecommunications services," but in a manner consistent with the principle of self-sufficiency. So prices had to generate enough revenues to pay all the costs of doing business, including "a reasonable return on investment."[95]

Hitherto, continued the mission statement, SaskTel's monopoly had been limited to voice services, though the future was likely to require that other "message forms" and means of transmission be available under the utility concept. It cautioned, however, with a long view to preserving the system's exclusivity in coming years, that

> *some of our services compete [even now] with those offered by other providers. We believe that for these services utility obligations are removed and SaskTel has the freedom to provide them on a selective basis.*[96]

The Crown was prepared, in short, to resist all future competition within its own territory. Hence, the competitive services were expected to produce as much profit as possible and "to achieve and/or maintain a dominant position in the telecommunications market."[97]

The mission statement delineated very broadly the organization of Saskatchewan's telephone system and its various objectives, according to the utility concept. Thus it stressed the service nature of SaskTel's operations and the public trust that had been "thrust" upon the Crown to deliver service equitably and efficiently.[98] The same could be said of the government-owned plants in the two neighbouring provinces. The problem was, however, that the document failed to indicate adequately which objectives were of foremost importance or how the different ends were to be weighed in the grand scheme.[99] Nor was there any recourse to the enabling Saskatchewan Telecommunications Act of 1978. While it listed the purpose and powers of SaskTel as a Crown corporation, provided for the construction, maintenance and operation of the provincial system, and detailed procedures for the expropriation of property, acquisition of right-of-way, accounting and rate-setting, the legislation nowhere set corporate objectives. As well, the Act never established the requirement of universal service, neither did it grant SaskTel an exclusive franchise within provincial boundaries.[100] So it appears that the mission statement's fundamental claims to the Crown's monopoly status rested upon mere convention, not statute.

That oversight was rectified in 1980, however, when the legislation was amended to confirm the two principles that had "been basic to telecommunications in Saskatchewan for more than sixty years." The first was that "end to end responsibility" for the switched network service resided in the carrier to ensure system compatibility, universal access, adequate maintenance, easier administration and lower costs overall. The second was that either the utility or the government assumed responsibility for what was connected to the provincial plant, as well as for the established rules, standards and conditions applicable to those connections. Not only did these amendments to the Act permit the attachment of equipment not owned by SaskTel to the public network subject to regulations passed by cabinet, but they also strengthened the Crown's mandate "to provide the best possible service to all the people of Saskatchewan in the most efficient and economic manner."[101]

Added to the problems of the mission statement listed above were some inherent contradictions. The most obvious of these concerned SaskTel's financial objectives, and specifically its pledge "to provide service in accordance with sound economic and business practices using available capital, labour and technology to the best advantage in our socio-economic environment." This included the commitment to universal service "without unreasonable discrimination."[102] If the overall goal was to generate sufficient income to pay for long-term costs, then the price of local service had to be kept low by means of cross-subsidization. But as Michael Denny observed, this was opposed by SaskTel's concurrent dedication to secure and/or maintain a preeminent position in the marketplace and to pursue the service ideal as its ultimate aim. In brief, "neither of these goals was consistent with maximizing profits."[103] It was Denny's opinion, therefore, that in the current climate of debate over privatization which dominated public-policy discussion during the 1980s, the government-owned telephone companies of the three prairie provinces would "lose their historic role as sole provider of ... services," while even the utility concept was bound to collapse under serious challenge.[104]

The Economic Council of Canada was even more forthright. It encouraged the governments at Regina, Edmonton and Winnipeg to identify the costs of particular services and reduce the regulatory restrictions common to all three that blocked competition in telecommunications. Its goal was twofold: to ensure that each system's competitive operations were no longer subsidized by its monopolistic activities; and to remove the disparity between these provinces and those jurisdictions that were subject to federal regulation. Failing that, they should consider divesting the competitive operations of their respective plants altogether.[105] The result would be gains not just in economic efficiency, owing to improvements in the commercial aspects of telephone activities, but also in public-policy performance. By transferring operations from the public to the private sector, "demands on the decision-making apparatus of the state could be reduced," thereby permitting ministers to concentrate on functions central to the formulation and administration of policy.[106] What ultimately mattered to Denny, the ECC and others who favoured privatization, however, was not the future emergence of a single, nationwide network; that was unlikely to happen. Rather, the linkage of systems was the important factor.[107] To that extent, competition should be encouraged at all levels of the industry, they urged, "unless there is strong evidence that [it] would result in inefficient production."[108]

UNDER TORY SIEGE: PRIVATIZING SASKTEL

By 1986, as the public-ownership debate neared its crescendo, in Canadian political circles it appeared that the argument for privatization had gained the high ground. Across the country, professional economists, government ministers, business organizations, university academics and many others who commented on public policy seemed to endorse competition and the free market economy over social ownership even of essential public utilities. At the same time, the federal government was attempting to regulate the telecommunications industry throughout the country via the CRTC.

All of this played, of course, directly into the hands of Saskatchewan premier Grant Devine, who narrowly won his second majority at the polls in the provincial elections held late the same year. Thus reinforced by the general ideological mood of the country and success at the polls, by 1987 he and his government were ready to launch their campaign to sell all of Saskatchewan's Crown corporations. Only the utilities were exempted at this time, because they were viewed in some senses as core Crowns providing essential services that even the Conservatives would keep.[109] It is also possible that the administration was still smarting from the public rebuke it had received in 1982 when Gary Lane, the minister responsible for SaskTel, had suggested that the corporation was a candidate for sale.[110] Although Devine had quickly denied this statement at the time, it soon became clear that he intended nevertheless to curtail SaskTel's range of activities in favour of the private sector.

That process began in October 1982, when the Crown lost its monopoly on the ownership of telephones and rental attachments. As far back as 1973, SaskTel had successfully petitioned the provincial Department of Consumer Affairs to prevent the "growing abuse across Canada by manufacturers, suppliers and others offering telephone sets and other terminal devices to the public with direct or implicit representation that such devices [could] be legally connected to a [public switched] telephone network." To that end, subscribers, manufacturers and retailers who broke the rules were identified, and legislation was considered to prevent future violations.[111]

Under the Devine administration, however, the Crown's exclusivity was curtailed. Private firms became eligible to sell extension equipment, including telephone answering machines, alarm devices, etc. This deprived the public utility of a secure and steady source of revenue—estimated at $600 million annually—that it had used hitherto to cross-subsidize residential telephone rates with rental income from business customers. But to enable the Crown to preserve some of its former control, residential and business subscribers were still required to rent at least one telephone from the utility, while all extension devices were to be attached to the public switched network via jacks and inside wiring provided by SaskTel.[112] At the same time, the corporation lost its monopoly over pager and mobile radio facilities, as private operators were permitted to interconnect their systems with the public network on a limited basis.

Bowing to the inevitable, the Board of Directors accepted that these decisions rendered SaskTel's policy consistent with that of Alberta Government Telephones (AGT) and the Manitoba Telephone System (MTS). Besides, because private providers were required to connect their facilities to the Saskatchewan plant, the Crown still controlled the network.[113] The Board appeared just as sanguine when SaskTel was similarly forced to surrender its exclusive distributorship for Wang Laboratories, a leader in computer technology,[114] along with its office furniture business. All of this treatment, argued some critics at the time, typified how the Tory government treated the Crown-owned utilities during its first term. Denied the opportunity to undertake profitable projects while lucrative units were either broken up or sold, SaskTel and other public enterprises had begun increasingly to rely on private contractors, "resulting in more work being done by non-union staff."[115]

But the specter of the 1982 rebuke had returned to haunt Devine when, just two weeks before election day in 1986, NDP leader Allan Blakeney publicly charged that the Tory government planned to sell SaskTel to Bell Canada if returned to office. This time Gary Lane denied the allegation outright, calling it "totally false, totally unfounded." "We have never looked at selling SaskTel," he declared, "nor will we."[116] But the minister's assurances were undermined when Blakeney next released a copy of a leaked report that had been prepared for the government by an investment firm commissioned to examine "various issues relating to a possible divestiture by the Province of Saskatchewan of all or parts of its equity interest in SaskTel."[117] The NDP leader also drew attention to a Tory delegation that had visited Britain in 1985 specifically to study how the Thatcher régime had privatized British Telecom.[118] Though Grant Devine dismissed these manoeuvres as a "fishing" expedition, he admitted that bonds might be sold, yet added definitively that there would be no disposal of SaskTel assets.[119] The NDP challenged this too, however, suggestinging that if reelected, the Conservatives would "stoop to a bargain-bin sale of provincial assets for a quick fix of desperately needed cash."[120]

Blakeney's pre-election warnings had gone unheeded, however. Devine was returned to power, and toward the end of 1987 he announced his government's plan to proceed with privatization. That decision was motivated largely by a growing provincial deficit, underestimated by $800 million, which had resulted from the Conservatives' fiscal policy. While cutting taxes on fuel and petroleum royalties, they had generally maintained the same level of spending as before the 1982 election, and had even introduced programs to subsidize (for example) home improvements and mortgages. These measures, coupled with falling wheat prices, had depressed provincial revenues and produced a budget deficit that grew to over $1 billion per year by the end of the decade.[121] The government, in short, was running out of money. It responded, on the one hand, with a series of unpopular spending cuts, and the inauguration of its privatization program, on the other hand, as a means of promoting private enterprise, reducing the provincial debt and, more importantly, restoring voter confidence in the government.[122] Under this policy, almost all of the Crowns, saving the utility corporations, were candidates for sale (the premier suggested), while a broad range of public services also was earmarked for transfer to the private sector.[123]

Recognizing, however, that to succeed the program had to be carried out in a deliberate and orderly manner,[124] Devine first sent delegates to a three-day conference on privatization hosted in 1987 by the ideologically conservative Fraser Institute of Vancouver, in order to obtain some tactical advice and steel his party's resolve. He also invited two of the key-note speakers to Saskatoon for further consultation.[125] The process of privatization itself was to be channeled through two agencies, the Crown Management Board (CMB) as the official holding company for Saskatchewan's government-owned enterprises, and the new Department of Public Participation, created in January 1988 to scrutinize all aspects of government operation and determine "where public participation could be encouraged through contracting out, sales of assets, share issues, employee buy outs and issues of participation bonds in Crown corporations."[126] Early the next year, a publicity campaign was mobilized; consultative meetings were held throughout the province; and enabling legislation was crafted, though it was subsequently scrapped following an NDP filibuster.[127]

The Devine administration dubbed 1988 as the "year of privatization,"[128] and although the program was slow to develop, it soon gathered momentum. A number of small operations were sold initially, such as Saskatchewan Government Printing, but more significance initiatives followed. One was a major push in the area of contracting-out particular services to reduce costs in part by cutting government staff.[129] At the same time, the Conservatives "hived-off" several activities formerly belonging to the regular public service, responsibility for which was assumed by five new "departmental" corporations freed from the constraints of the Public Service Act and expected to operate in an efficient, business-like manner.[130]

The Devine government next turned its attention to the established Crowns. In rapid succession, SaskOil, the Prince Albert Pulp Company, the

Potash Corporation of Saskatchewan, Saskatchewan Forest Products and the Saskatchewan Minerals Corporation were auctioned off, in some cases at fire-sale prices.[131] Also sold were the oil and gas assets of SaskPower, while the Saskatchewan Mining Development Corporation was privatized jointly with Eldorado Nuclear (a federal Crown) to become the Cameco Corporation, the largest uranium company in the world with the largest uranium reserves. Significantly, the government retained 25 percent of the Cameco shares and even imposed restrictions on free-market activities in most of its privatization initiatives, such as limiting the number of shares private or corporate buyers could purchase and restricting foreign ownership.[132] These features were built into almost every privatization deal, though they violated "the conservative logic of the market."[133] So despite their political orientation and "New Right" principles, the Conservatives adhered to the long heritage of government investment in Saskatchewan that they could not ignore, let alone escape.

Toward the beginning of 1989, the two-year-old privatization program became even more controversial as the Tories took aim at the public utility corporations that the premier had promised repeatedly never to sell. Until then, the administration had not dared to threaten an enterprise that was critical to the economic or political fabric of Saskatchewan.[134] The government began by announcing the sale of SaskEnergy, the utility corporation created just months before to control the natural gas distribution system that had belonged formerly to SaskPower. Owing to concerted opposition from the NDP and other groups, however, SaskEnergy remained a public company. Not long afterward, the general insurance and automobile insurance divisions of SGI were separated as part of a general plan to privatize the corporation by means of a 60-percent share offering. This time the process was blocked in provincial court by the unions involved, on the ruling "that such action required legislation, not just a cabinet decision."[135]

In view of these setbacks, SaskTel became the next obvious candidate for at least partial privatization, as its corporate operations were sliced into various units for separate auction to the private sector. For by this time, observes historian Rand Dyck, "Devine was running out of government assets he could sell to help cope with his financial problems."[136] Hence, the entire computer division of SaskTel and the Saskatchewan Computer Utility Corporation (SaskComp) were privatized together. Established in 1973 to provide computer services to both the provincial government and the private sector, SaskComp was a highly profitable public enterprise. In February 1988, however, it was merged with SaskTel's computer division (including the data centre and data terminals), along with two private firms, to form the Westbridge Computer Corporation.

The new entity was promoted as holding the promise "of a powerful Saskatchewan-based competitive firm," capable of delivering the full range of large-scale computer and data services to both business and government clients, who leased or purchased options to meet their future needs as these evolved.[137] "As our society moves further into the Information Age," boasted SaskTel's *Annual Report* for 1988, "this new venture intends to be on the leading edge of the rapidly growing market for computer and data [facilities]."[138] But like Cameco, Westbridge "was not entirely cut loose from the purse strings of the public sector." The Saskatchewan government retained 58.8 percent ownership and awarded the firm all of its computer service contracts. Westbridge also had lucrative agreements worth tens of millions of dollars with SaskPower, SaskTel and a variety of government departments. These arrangements gave the company a valuable competitive edge and ensured that Devine's "privatization flagship [would] not be allowed to sink,"[139] or his policy with it.

Other components of SaskTel earmarked for potential sale included Diginex, a new division of the telephone utility created in January 1988 to serve the "increasingly sophisticated" voice, image, text and data communications needs of Saskatchewan businesses,[140] SaskTel International, "a wholly owned subsidiary that marketed the corporation's technology and skills world wide," and the highly profitable telephone directory division. In the end, only the latter was sold to newly created DirectWest Publications Ltd., of which SaskTel held a 10-percent interest.[141] (Eventually, SaskTel reacquired its holdings in DirectWest, owning 50 percent by 1995, and 100 percent by 1997.)

Despite the loss of the directory division and its staff, SaskTel managed to weather the worst of the privatization storm, emerging relatively unscathed in comparison with other Crowns. The support it received from Gary Lane, the minister responsible, was certainly a factor behind its salvation. Still, it is difficult to assess just how far the Tories might have proceeded with dismantling other sections of the telephone utility had political conditions in the province permitted, though the general consensus is that SaskTel was never threatened seriously by the régime.

The truth of the matter is that the corporation enjoyed a number of advantages over some of its sister Crowns in terms of its relationship with the Devine government. First, it had a long history in the province and occupied an important place in both urban and rural Saskatchewan. Ideological principles aside, Devine and his cabinet recognized the wide-spread popular appeal of the telephone enterprise "as a positive instrument in a natural-monopoly area."[142] Only by the end of the 1980s did this outlook begin to alter, in the belief that natural monopolies could not exist in future because of technological change. SaskTel's second advantage was its place in the ongoing federal-provincial fight with Ottawa. Although relations between the Mulroney and Devine governments were good on the whole, they divided on the issue of federal jurisdiction over the Canadian telecommunications industry. Like the NDP under Blakeney, the approach of the Saskatchewan Tories was "to resist regulation in order to maximize managerial flexibility," so as to maintain the cross-subsidization model (for example) of telephone rates.[143] For these two reasons alone, Devine's administration would have faced real difficulty in attempting to privatize SaskTel.

But the corporation enjoyed a third and highly practical advantage at the same time. Long before the Conservative government took office in 1982, there had been talk of privatizing the Crowns. Consequently faced with that possibility, recalls Frank Degenstein, who presided over SaskTel during much of Devine's first term in office, the company had already "put its ducks in a row." Much data had been collected on its performance vis-à-vis other members of the Trans-Canada system, while dozens of comparative studies had been made with various telephone enterprises across the country—some privately owned—with respect to quality of service and productivity. The accumulated statistics had cast SaskTel into such favourable light, notes Degenstein, "that none of us were particularly worried about [a] revolution taking place" under the Tories. Nor did management anticipate a revolution in their operating procedures either, seeing that most of these had been adapted from, or were identical to, Bell Canada practices.[144]

To be sure, continues Degenstein, there was some apprehension felt as to what the change of government in 1982 meant for the future of SaskTel. Some people thought that it would be privatized along with the other Crown corporations in view of Devine's neo-liberal message. But, muses the former president, a number of considerations made it difficult to cast an ideology on a public utility like SaskTel. They start with the simple fact that every public utility service began as a luxury, and the speed at which that luxury transformed into a necessity reflected its value to the community. But a public service such as a provincial telephone system could not have existed unless it were built in common by those who wanted it. Furthermore, when that service became a necessity, especially in the case of a natural monopoly like telephones, the general public did not want to depend on a single vender unless they held some control over that provider. In Saskatchewan, this popular aversion to unregulated, private monopoly was resolved by social or government ownership.[145]

Yet even if the Devine administration had sold SaskTel in 1982, Degenstein doubts that the transaction would have made any real difference to corporate operations except, perhaps, to relieve its burden of having to balance company, customer and employee interests. That was not always easy to do, because the interests of the three groups "were not always coincident." This was complicated by the tendency of government in Saskatchewan, regardless of its ideological stripe, to use SaskTel and its sister Crowns for other social, political and economic objectives. So if there were one benefit to be gained from selling the telephone enterprise, admits Degenstein, it would have been the removal of that "irritating dimension" by reducing shareholders' meetings to just once a year, and removing corporate responsibility to ministers and their ministerial assistants, whom he particularly despised.[146]

All things considered, however, Degenstein did not believe either at the time of his presidency or since that the Tory government under Grant Devine ever seriously intended to sell SaskTel. He suspects that the administration had polled popular opinion on the subject, only to discover that there would have been great opposition to privatizing a corporation which had served the province so well. Besides, the telephone utility was a steady revenue producer that paid regular dividends into the public treasury. So why dismantle it? The transition from one party in power to another, one minister to another, and one Board of Directors to another, was otherwise a simple matter of political routine that followed every election.[147]

Still, it was probably fortunate for the corporation that the Devine government reconsidered its privatization program toward the close of 1989. The alternative was almost certain electoral defeat. Unwilling to abjure their faith in public ownership or provision of services, Saskatchewan citizens had "implicitly rejected the workings of an unrestricted free market and private control of public services, when the issue of ownership and control of the economy was raised."[148] Even in constituencies that had gained most from the Tories' neo-liberal policies, people held fast to the social-democratic principle that government should play a major role in economic development to offset the disadvantages of the province's hinterland economy.[149] That ideal lay at the core of Saskatchewan's political heritage and blunted the ideological success of Devine's "New Right" program for change.[150]

Meanwhile, the Conservatives had proved inept at the use of state power, starting with their populist leader who was "less interested in managing government than in marketing his ideas and attitudes to potential consumers."[151] Devine's fiscal program certainly had not produced the windfall of private investment expected from his announcement in 1982 that Saskatchewan was "open for business," as few investors had responded to the call.[152] Nor did it help matters that his administration forgot the basic rules of procedure when unfolding its privatization campaign, foremost of which was to spread the benefits of any sale as widely as possible.[153] For if voters clearly profited from such a transaction, it could be used as proof of private ownership's superiority over public enterprise.[154] Finally, because the Thatcher/Reagan revolution unleashed in the early 1980s only reached full stride toward the end of the decade, the Saskatchewan Tories simply ran out of time to implement their program.[155] Thus by 1989, neither they nor their privatization campaign represented the dominant political perspective in the province. And their free-market agenda was spurned. When given the opportunity in the provincial election of 21 October 1991, Saskatchewan voters unceremoniously tossed the Conservatives out of office, electing Roy Romanow's NDP with an overwhelming majority.

COMPETITION THREATENED, THEN DELAYED

In addition to the many fiscal and administrative headaches suddenly inherited by the new government from the previous administration, there was also the unresolved battle with Ottawa over federal regulation of Canada's telecommunications, and specifically SaskTel. That long-term jurisdictional dispute dated back to 1969, when the federal government and its Department of Communications embarked on a policy to regulate the telecommunications industry nation wide, in order to bring it more fully under centralized, federal control as something "essential to Canada's security ... and economic growth."[156] For that purpose, the Canadian Radio-television & Telecommunications Commission (CRTC) was established in 1976, with authority over telephones and telegraphs. But this measure clashed directly with provincial demands for increased jurisdiction over telecommunications within their respective boundaries, partly to retain the revenues generated.[157] Central to the growing debate was the question as to how much of Ottawa's role in protecting and promoting a national communications policy could be transferred to the provinces, "enabling development of regional, cultural and communications links," but without destroying the national network.[158]

Finding a solution to that constitutional conundrum was complicated, however, by prevailing bureaucratic attitudes in the Canadian capital and the centralist position of Liberal Prime Minister Pierre Trudeau. "There is a culture in Ottawa about the equation between national standard and natural interest," explains Howard Leeson who, as Allan Blakeney's Deputy Minister of Intergovernmental Affairs, was deeply involved in negotiations between Saskatchewan and the federal government at the time. A large part of this culture consists of Ottawa's refusal to accept in any area that the aggregate of provinces doing something could equal the national interest. Accordingly, "a Trans-Canada Telephone Corporation in which everybody participated ... could not represent the national interest"; only the federal government could do that. So of course, there should be a single communications policy for the county controlled by Ottawa.[159]

Hence, the culture within the federal bureaucracy and the perspective from the prime minister's office agreed that anomalies like SaskTel, AGT and other provincially or privately owned telephone systems should be disallowed as being detrimental to Canada's interests. The record of Ottawa's involvement with the industry as a whole during the 1970s and early 1980s revealed the same single- minded preoccupation with policies "for the *use of telecommunications to further other national objectives,* rather than a willingness to deal with problems of industry structure and other issues fundamental to the development of a strong telecommunications sector."[160] Preserving Canadian Confederation against any kind of internal division or external influence, especially from the United States, dominated Ottawa's policy agenda.[161]

Although the federal-provincial dispute over jurisdiction of the telecommunications industry erupted nation wide in 1976, its preliminaries in Saskatchewan can be traced to 1966. On that date, the Board of SGT authorized the corporation to become involved in the growing and potentially profitable field of cable television (CATV) because of its close association with the communications business.[162] Three years later, the federal Department of Communications appointed the McPherson Commission to undertake various studies of the "total telecommunication function,". including cable TV.[163]

Almost immediately, the new telecommission became a source of contention between Ottawa, the western provinces, the Trans-Canada Telephone System (TCTS) and the Telephone Association of Canada (reorganized as the Canadian Telecommunications Carriers Association in 1972).[164] At issue was the federal government's range of authority over provincially incorporated telephone companies operating within the province, as well as over the interprovincial telephone traffic.[165] According to the constitutional precedent established in 1931 by the Radio-Broadcasting case, so long as publicly owned telephone systems operated entirely within provincial boundaries, they were immune from federal interference. But the moment parliament declared such a system to be for the general advantage of the country, or in cases where legislation overlapped and jurisdiction was unclear, federal authority prevailed.

The first test of this principle in Saskatchewan arose during 1967, when both the federal and provincial governments claimed jurisdiction over the grant of licences for CATV systems.[166] Four years later, the controversy expanded when hearings began at Ottawa to consider the integration of cable television into the Canadian broadcasting system under federal regulation.[167] This prompted SaskTel to reaffirm its position as the sole common carrier of telecommunications in Saskatchewan, with exclusive ownership of the coaxial cable required both for CATV and other telecommunications services in future.[168]

That reaffirmation of jurisdiction was only partially respected by the brand-new CRTC, however. Although the commission recognized SaskTel as the principal cable-television provider for the province, it ruled subsequently in 1976 that as a condition of a CATV license, each licensee would own the local head-end equipment, amplifiers and drops that were leased to subscribers.[169] Anticipating that the next jurisdictional battle would focus on the ownership of satellite earth stations that received CATV transmissions, SaskTel's Board of Directors reiterated its view that only the public utility could own such stations in the province.[170] Then to head off opposition from independent cable- television operators over the issue, the Board made a presentation to the CRTC in Ottawa that affirmed SaskTel's monopoly over all satellite earth stations and CATV transmissions in Saskatchewan through the facilities of Telesat Canada. That communications satellite enterprise had been created in 1969 under the auspices of the federal government, its majority shareholder, and was owned partly by SaskTel as a member of the TCTS.[171] But when the commission ruled unexpectedly against the Crown corporation's claims to monopoly status, the Board countered with a protest of its own "over the manner in which the CRTC is attempting to incroach [sic] on provincial jurisdiction in regulating SaskTel."[172] The appeal fell on deaf federal ears.

In 1978, meanwhile, the jurisdictional struggle between Ottawa, the provinces and the established common carriers broadened considerably to include other aspects of the telecommunications industry, in particular TCTS rates and revenue sharing. CRTC involvement here was owed directly to its regulation of Bell Canada under the terms of the telephone giant's original Dominion charter. This meant specifically that the federal commission had power of approval over Bell rates even at the local level, which it increased at this juncture on the assertion that the company's share of the Trans-Canada system's revenue settlement plan, as agreed to by all the participants, was not large enough for Bell's needs.[173]

But the TCTS objected to the CRTC's direction and appealed successfully to Ottawa for a stay of execution until 30 November 1981.[174] Ultimately, however, the appeal accomplished little. Although Telesat Canada was to remain a "carrier's carrier," except insofar as meeting the needs of the broadcast industry, CRTC authority over rates was upheld. This meant that even though SaskTel and other members of the TCTS were not yet subject to the commission's jurisdiction, they had to conduct all future business as if they were, because of the spill-over effect from CRTC regulation of Bell Canada.[175] The result was that the battle lines were drawn ever more clearly between the federal authorities and the provincial telecommunications companies. The latter now clearly understood that federal hearings on such matters as rates and revenues really concerned "whether the CRTC has jurisdiction to regulate Canada-wide telecommunications services provided ... by provincially regulated carriers."[176]

In a closely related matter that also emerged at this time, the Board of

SaskTel learned in 1980 that during the debate over TCTS tolls and revenue settlements outlined above, the CRTC had managed to acquire sensitive information respecting the Crown's intra-company and adjacent-member business without prior permission from the Saskatchewan government. The corporation immediately appealed to the federal cabinet, as did both AGT and MTS, whose corporate privacy had been similarly violated.[177] AGT took matters even further. It commenced an action in federal court alleging a failure of natural justice—a powerful argument under normal circumstances—in the CRTC's requiring "proprietary information" with regard to the intra-company business of the TCTS members. Saskatchewan expected to participate in this action.[178] The effort failed, however. In a decision that laid bare the Trudeau government's resolve to centralize Canadian telecommunications under federal authority, the court ruled that the CRTC had a right to this information.[179]

Other setbacks soon followed for the Saskatchewan Crown and its TCTS counterparts. One resulted from the CRTC's support for interconnection between CNCP Telecommunications and the Bell Canada system, which the latter stoutly opposed.[180] Subsequent protests by AGT and SaskTel, when confronted with the same problem in 1982 and 1983 respectively, also met with defeat. Undaunted, however, AGT filed for a Writ of Prohibition in federal court against the commission, in order to block it from proceeding with CNCP's petition for interconnection.[181] Arguing that as a "local" undertaking subject only to provincial authority, AGT refuted the CRTC's contention that the matter fell within the commission's competence, simply because the Alberta system's lines connected with other provinces.[182] As a publicly owned corporation, it argued, AGT benefitted from Crown immunity from federal control.[183] Watching developments closely from Regina, SaskTel's Board of Directors predicted that both the Saskatchewan government and the corporation might have "to intervene at some stage" in the proceedings by lodging an appeal of their own with the Supreme Court of Canada.[184] For if AGT lost its application, "it could result in SaskTel being regulated by CRTC as well."[185]

The implications of CNCP interconnection with the Bell, Alberta and Saskatchewan systems were potentially damaging not just to provincial regulation of the telecommunications industry, but also to rate structures and revenues. If the rival company were permitted to provide long-haul calling service to residential and business customers in the territories controlled by the three corporations as proposed, subscribers could "access CNCP's national long-distance system via the local public telephone network." To attract customers, CNCP also planned to charge rates that were 10 to 20 percent lower than those of the other carriers.[186] In effect, warned SaskTel President Frank Degenstein in November 1983, "approval of CNCP's application would ... open the long-distance market to competition, and therefore, impact [*sic*] the pricing structure of all telephone services in Canada." From his viewpoint, the fundamental question was "whether the long distance user should continue to subsidize the local service user, or should rates for both services be brought into line with costs?"[187]

The consequences of a court decision in support of the CNCP petition to the CRTC were particularly profound, however, for SaskTel as a publicly owned monopoly carrier within Saskatchewan. Because the competing network could essentially by-pass both the Trans-Canada and the provincial systems altogether, the Crown's revenues would plummet dramatically. The earnings alone from long-distance toll charges were forecast for 1983 at $212 million, of which $16 million was to come from the TCTS intra-provincial network. The CNCP's application before the CRTC threatened that income. Moreover, because the rival corporation would likely "want to expand its geographic coverage to all major centres in the West ... SaskTel's long-distance revenue from adjacent provinces ... [would] also be in jeopardy," while the loss of income would not be compensated for by a corresponding reduction in operating costs. That result could leave the Crown with no other option than to raise local rates, curtail capital projects, cut both personnel and services to customers, and perhaps even eliminate the cross-subsidization of local facilities to remote rural and northern areas.[188]

While awaiting the federal court's ruling on AGT's petition, neither the TCTS, its various members, nor the provincial governments remained idle on the issue of CRTC regulation that threatened them all. In October 1983, the Federal/Provincial Task Force on Joint Regulatory Mechanisms (formed in 1981) submitted its final report after two years of deliberations. Stating that telecommunications policy was the responsibility of elected governments rather than regulatory agencies like the CRTC, the commission also asserted that the impact of expanding competition in the industry on cost and availability of service was a matter of urgency that ought to be the subject of early discussion with a view to harmonizing policy. The task force further agreed that regulatory bodies should render no decisions that had a detrimental effect on other jurisdictions.[189] Encouraged by these findings, the Saskatchewan government and SaskTel made a joint representation before the concurrent MacDonald Commission on Economic Development Prospects for Canada, in which they drew explicit attention "to the persistent intrusion of the CRTC into areas of provincial jurisdiction in the area of telecommunications."[190]

The TCTS similarly affirmed its autonomy from federal control and regulation with the symbolic gesture of assuming a new name, "Telecom Canada." This act was described as "the key initial step in a national strategic positioning campaign, the thrust of which was an emphasis on the breadth of service and leadership in [telecommunications] technology." The name change mirrored the desire among the system's members "for a national identity which more accurately reflects their collective status as *the* provider of coast-to-coast voice, data and image transmission services"—not the CNCP.[191]

Yet their concerted resistence notwithstanding, SaskTel, Telecom Canada and the other provincially owned companies were defeated at every turn. They faced a fresh challenge in February 1984, when federal Minister of Communications Francis Fox introduced a telecommunications bill in parliament that amended the CRTC Act, among other items. If the legislation passed, the federal cabinet could issue binding directives to the commission on any matter under its jurisdiction, save for the grant or renewal of broadcasting licences. While this was consistent with Telecom Canada's contention that policy should be made by governments and not regulators, observed SaskTel, at the same time it would "significantly enhance the power of the

[Department of Communications] to make major policy decisions regarding competition in telecommunications."[192] That outcome was to be feared.

Ultimately, the Saskatchewan utility—like other Telecom members—was forced to acknowledge that regulation was close to becoming irresistible. The field had already undergone substantial transformation due to a host of regulatory and technological transitions that formed part of a general, and perhaps even natural movement toward the "Information Industry." That phenomenon signaled "a transition, a merging of telecommunications and other information- based industries, brought about by new technologies and a marketplace anxious to benefit from these advances."[193] In the process, the basic principles of telecommunications with respect to monopoly status, rate-averaging, universal service, cross-subsidization and so on, had come under serious fire.

Those in the corporation's upper management were not necessarily apprehensive about the likely advent of competition imposed by federal authority, however. To be sure, notes former president Frank Degenstein, no one was clear as to what the CRTC would actually do if and when its authority to regulate provincial telephone companies were established. But, he hastens to add, SaskTel already behaved as if under federal jurisdiction, owing to the side-effects of CRTC regulation of Bell Canada.[194] Former Vice-President of Operations, George Spencer, was even more sanguine. He believed that the corporation had both the talent and technological expertise to flourish in a competitive environment should that occur. Nevertheless, he prepared his field employees to behave on the job as first-line marketing agents, who could sell additional services to customers while installing their telephones. That would undercut industry rivals.[195] Even the Board of Directors was cautiously optimistic. In all probability, it concluded, the current business climate in the country would present SaskTel and the province as a whole with both travails and opportunities. This was especially true as they confronted the relentless trend toward privatization, reorganization and federal jurisdiction in Canadian telecommunications, which had been unleashed by the CRTC's efforts in the early 1980s to regulate much of the nation's telephone network.[196]

Those efforts finally came to a head in August 1989 after a succession of judicial decisions, culminating with that of the Supreme Court of Canada, which concluded AGT's case against the commission. Hitherto, no clear constitutional determination had been made as to which level of government held regulatory authority. Not even the 1931 Radio-Broadcasting case served as a conclusive precedent. Indeed, "it was almost an historical anomaly that this [issue] had never been adjudicated."[197] The AGT complaint thus compelled the judiciary to undertake a thorough review of old constitutional cases and the BNA Act to that end.

The Supreme Court of Canada finally ruled in favour of the CNCP's original application, now seven years old, for interconnection with the provincially owned plant. The decision rested upon the court's interpretation of AGT's nature as a telecommunications enterprise, and specifically its judgment that there was sufficient "organization interconnection" between Alberta's telephone system and the interprovincial activities of the Trans-

Canada network "to warrant a determination that AGT was a *federal* undertaking."[198] That, in turn, "opened the door to expanded CRTC jurisdiction should changes be introduced to the law," on the argument that Alberta system's interconnection with other networks outside provincial boundaries made it subject to federal jurisdiction.[199] Implicitly, the principle also could be applied to the privately owned members of the TCTS, including SaskTel. Yet the court's position was contradicted at the same time by the legitimacy of AGT's claims to immunity as a publicly owned agent of the provincial Crown under the terms of the 1903 Railway Act.[200] So the 1989 decision was applicable with respect only to systems that were regulated already at the federal level.[201]

Thus at the end of the decade, the Saskatchewan Crown—backed by political authority at Regina—was still struggling to stave off the encroachment of Ottawa into its monopoly jurisdiction and autonomy as a publicly owned utility. The results of an 18-month-long investigation, undertaken jointly on behalf of the federal, provincial and territorial communications ministers into the effects of competition in long-distance telephone service, seemed to provide SaskTel with addition ammunition and renewed hope for the future. Submitted near the close of 1988, and described as "the most exhaustive Canadian study of its kind to date," the final report indicated that 87 percent of residential customers and 90 percent of business customers in Saskatchewan would experience higher telephone charges by as much as 40 percent should the federal government assume the regulation of long-distance service. It predicted, in short, that virtually all citizens of the province "would be major losers if national competition [were] allowed."[202]

As it was, the cost of providing basic services was several times greater than the rates actually charged. This disparity, however, was made up with revenues from long-distance tolls according to the customary practice of cross- subsidization. Under CRTC regulation, however, much of this income would be lost to competitors, who "would not be obliged to provide basic service or to maintain other uneconomic services which SaskTel provides and which are supported by long distance revenues." So on the basis of existing evidence, there appeared to be more disadvantages than benefits to come for the vast majority of Saskatchewan subscribers should Ottawa regulate long-haul business. For that reason, SaskTel, backed by the provincial government, continued to oppose competition in the provision of national long-distance service.[203]

The Economic Council of Canada, which was responsible to the federal Minister of Supply and Services, disputed this assessment. Looking back on the past performance of SaskTel and its prairie counterparts, the ECC acknowledged that there did not appear to be "a strong commercial or public-policy case for choosing between public and private enterprise to deliver monopoly services in telecommunications." That included long distance. Significant changes in recent years, however, had altered the structure of both the industry and its markets, which had called into question the role of government in that sector of Canada's economy.[204] Traditionally, noted the council, provincial telephone companies had monopolized the provision of service and the supply of equipment. But technological change had unleashed competitive forces, which in turn had created stresses within the customary practice of cross-subsidization.[205] In response, since 1980 the CRTC had introduced competition in terminal-equipment markets by allowing both business and residential customers to own extension devices and link them to local line facilities. It had also authorized the interconnection of CNCP Telecommunications with established systems like those of Bell Canada and AGT, in order to provide long-distance service and data transmission over private lines. The CRTC had further allowed Telesat to transact business directly with end-users in competition with Telecom Canada, while similarly permitting independent carriers to provide mobile-telephone and one-way paging services (using cellular radio technology) under licence from the federal Department of Communications.[206]

Thus competition in various guises had already penetrated Canada's telecommunications industry wherever federal jurisdiction prevailed. Only in the prairie provinces had change occurred slowly in relation to the rest of the country.[207] The bottom line as expressed in a recent CRTC decision, asserted the council, was that

> *if users are afforded the choice in kinds of services they can obtain, they are required to define their telecommunications needs better than they would be if they had no choice but to accept what one supplier may suggest they need. This not only makes them aware of how to make more effective and productive use of telecommunications in their business, but having defined their needs, they are better able to require suppliers to respond to them with new or varied services, and suppliers have every incentive to anticipate their needs. This can in turn lead to the introduction of new services, using new facilities or new combinations of existing facilities, as well as stimulate the telecommunications manufacturing sector to develop equipment and facilities to meet an increased range of telecommunications requirements.*[208]

Yet there was another reason for the prairie provinces to cease their opposition to competition. Because their operations were generally small in relation to those of Bell Canada, it was unlikely that the three public systems would be able to offer in future, if at all, a comparable range of equipment and services as cheaply as the private systems and their competitors, given the current proliferation of technologies. "Users in the Prairie region could thus be at a substantial disadvantage if regulatory restrictions in these provinces are not relaxed."[209]

In view, therefore, of the inherent advantages "both in competition itself and in the provision of a more consistent operating environment for Canadian users," the ECC urged that the governments of Saskatchewan, Alberta and Manitoba reduce their regulatory checks on competition in telecommunications, "so as to remove the disparity that exists between these provinces and those jurisdictions subject to federal regulations."[210] It further proposed that all three governments identify the costs of particular services to the public telephone companies, "so as to ensure that their competitive activities are not being subsidized [unfairly] by their monopolistic activities."[211] Failing cooperation by SaskTel, AGT and MTS, the ECC urged that the political authorities at Regina, Edmonton and Winnipeg consider the "long-run strategy" of divesting the competitive activities of their telephone utilities altogether.[212]

At the turn of the 1990s, the dispute over federal-versus-provincial jurisdiction remained unresolved, and with it the whole question of whether decisions concerning the future direction of communications services for SaskTel customers would be made at Regina or Ottawa. The federal government was clearly determined to bring Canada's telecommunications under its authority, the contradictory results of the Supreme Court's 1989 decision in the AGT case having revealed that there was a huge regulatory void in the industry that needed to be filled. Consequently, the Mulroney administration "rammed" various amendments to the Railway Act through parliament, in order to make federal regulation binding on the provincial Crown-owned telephone enterprises that still eluded it. When, however, the three prairie provinces protested vigorously against these measures, Ottawa backed down. But it then introduced the Telecommunications Act in early 1992 to achieve the same result.

Two things were readily apparent by now. The first was the general acknowledgment that legislation had become the only basis on which SaskTel and the other provincially owned telephone companies could ultimately escape the rigors of CRTC regulation.[213] The second was the real fear that, if implemented, the regulated market sharing of long-distance, in particular, would adversely affect the Saskatchewan Crown's ability to serve the public by reducing its toll revenues. That, in turn, "would jeopardize future capital projects designed to deliver the benefits of technological advances to our customers as well as result in substantial increases in the price for basic telecommunications ... to all of the Saskatchewan population."[214] For a public utility that prided itself on supplying universal service to every resident of the province efficiently and at very cheap rates, that prospect was utterly unwelcome.

The quarrel over jurisdiction soon approached a climax as SaskTel continued to resist federal regulation and the advent of competition, which would follow as a matter of course should Ottawa succeed with its goals. Already the corporation had begun to prepare for a more competitive marketplace in response to the rapidly changing and challenging telecommunications environment. One measure taken, for example, was the formation of a special unit within its Business Development Division to anticipate, serve and respond to the needs of larger businesses in Saskatchewan, as well as to "assist customers in applying modern telecommunications products and services in ways that will support their efforts for greater efficiency and competitiveness."[215] Joined to this initiative was the opening of two Business Communications Centres at Regina and Saskatoon respectively to provide demonstrations of, and consultations on, the latest in communications technologies for consumers across the province.[216] But in the years ahead, warned then President Marcel Bernard, the Crown would have to improve continuously the capacity and flexibility of its public network, and to diversify its sources of revenue by introducing the latest low-cost products and services that reflected customer needs, if it were to remain at the forefront of the industry in competition with any rivals.[217]

At the moment, however, the first order of business was the urgent need to resolve the dispute with Ottawa over the matter of jurisdiction. For if the proposed Telecommunications Act were to pass in parliament, SaskTel would fall effectively under federal regulation and control, which was opposed strongly throughout the province. That outcome threatened much higher rates, the steady erosion of service, and the imposition of additional costs and "bureaucratic encumbrances" on the operations of the public switched network.[218]

Above all, the new legislation would be employed to force competition on SaskTel, which was "not in the best interests of Saskatchewan telephone users."[219] Under CRTC jurisdiction, the provincial plant would be required to open its lines to outside organizations at *decreased* compensation arrangements to ensure that the new competitors would profit from entry into the market. Such a requirement would leave the province with "the worst of all worlds, regulated competition, surely an oxymoron."[220] Regulation of that kind was construed as outright theft of property by Ottawa. The government and people of the province had financed, built and maintained the publicly owned system through their rates and taxes for more than eight decades. Competitors had no legal or moral right, therefore, to use Saskatchewan's facilities parasitically, whatever the nation's leaders might think to the contrary. Nor was there any conceivable pretext under which the province or its residents should be forced to relinquish control over the telephone system, except upon conditions and rates arrived at by mutual agreement.[221] Besides, if regulation applied to the eight principal carriers of the Trans-Canada network, why did it not also apply to Ottawa's most sacred cows, the CPR and CNR? There was certainly no rush by the federal government to institute similar policies at this time with respect to those two entities.[222] In the final analysis, it was SaskTel's view that "the future needs of its customers will be much better served by a responsible Crown corporation and elected representatives than by a federal regulator."[223]

A solution was finally found during the constitutional talks that preceded the national referendum on the Charlottetown Accord in 1992. Among the questions that arose from discussions over fiscal affairs and the possibility of crafting a separate economic charter for the country were the place of government ownership and the role of Crown corporations. These issues were of vital concern to SaskTel, especially in light of the CRTC's most recent decisions to regulate the Alberta system (which had been privatized, in the meantime) and to approve the three applications by Unitel, B.C. Rail and Lightel to provide competitive long-distance service in Canada. These landmark rulings, noted the *Annual Report* for 1992, allowed suppliers "to compete directly with telephone companies providing long distance services in provinces where the CRTC had jurisdiction."[224] Though neither decision yet applied to SaskTel as a provincially owned Crown corporation, they would exert considerable new pressures on the system, nevertheless.

Saskatchewan's delegation at the Charlottetown negotiations was thus keen to ensure SaskTel's autonomy from federal authority in perpetuity, if possible. But the Mulroney government refused to comply. At last, after a long series of talks had reached an impasse, Premier Roy Romanow, his

Minister of Justice Bob Mitchell, Chief Negotiator Howard Leeson, and former prime minister Joe Clark, adjourned for a brief recess on the balcony of the Pearson Building, where they continued to discuss the problem.[225] At this point, Clark proposed a compromise: that Bill C-62 (the Telecommunications Act) proceed as planned, but that SaskTel be granted a five-year exemption from its terms. At the end of that time, the system would come within the jurisdiction of the CRTC. Romanow, Mitchell and Leeson agreed in principle to the five-year moratorium, but insisted that at its expiry, the arrangement would be reviewed, as opposed to the corporation's falling automatically under federal regulation.

Speaking for the government, Joe Clark accepted the trade-off, if for no other reason than that Mulroney needed Saskatchewan's support for the total Charlottetown package. But because an Order-in-Council was legally required to grant SaskTel's exemption as proposed, written evidence of the agreement was needed. When the prime minister declined to supply this, Clark offered to compose a letter in his place. This was acceptable to the Saskatchewan party. Dated 21 August 1992, addressed to Brian Mulroney and signed by Roy Romanow, the hand-written brief stated:

> *After a discussion with Joe Clark, it is suggested that Bill C-62 be amended to provide a moratorium on the application of the said Bill to SaskTel for a period of five years. After that 5 years, a federal order-in-council could be passed bringing SaskTel within the ambit of the Bill. If this is agreed, then, the telecommunications provision you've suggested on today's draft would be accepted by me. I can agree. Will the federal government agree with Joe's suggestion?*[226]

The proposal was accepted and the necessary provisions duly made. The province of Saskatchewan, or rather its delegates at the Charlottetown talks, had thus successfully managed a brief postponement of telecommunications regulation with Ottawa. Described in the 1992 *Annual Report* as a positive development for local telephone uses, "the August agreement gives the province an opportunity to examine a regulatory framework that will function effectively and be in the best interests of the people we serve." At the same time, it would provide for the unique needs of the Saskatchewan marketplace "with its relatively small population, scattered over a large geographical area."[227] Obviously, the goal was to have provincial regulatory mechanisms in place so as to stave off federal jurisdiction when the issue reemerged.

Meanwhile, the corporation weathered one more potential crisis that might have had grave consequences for its future. The Charlottetown Accord so painstakingly negotiated and so widely promoted by Prime Minister Mulroney, most of the provincial premiers and a host of business, labour and academic interests, was overwhelmingly rejected by the country. Because SaskTel's exemption from CRTC regulation depended on the accord's passing, Regina fully expected that the federal government would refuse to honour the deal. Yet Mulroney kept his word, owing partly to the fact that the compromise had been signed in good faith, and partly also to the fact that Roy Romanow had campaigned hard in support of the defeated constitutional agreement. It no doubt helped, as well, that Howard Leeson had been

Saskatchewan's chief negotiator in 1981, when Romanow was Minister of Communications under the Blakeney administration. Consequently, when both men returned to Ottawa a decade later, they had a keen historical sense of the place of SaskTel in the provincial fabric and a political context for the constitutional discussions, unlike most newly elected governments that spring into office. That the status of Saskatchewan's telephone utility rated as such a high priority during the Charlottetown talks, or that it appeared on the agenda at all, was most likely due to the prior relationship and commitment of the province's negotiating team leaders. As Leeson observes after a decade of reflection, such "little things can influence [events] so profoundly."[228]

Furthermore, Bill C-62 was amended to reflect the bargain reached on the balcony of the Pearson Building. Although the enabling Telecommunications Act, subsequently passed by parliament in June 1993, brought the entire industry (except for broadcasting) under federal jurisdiction, it declared that any class of Canadian carriers could be exempted from the application of the legislation by an Order-in-Council "where the Commission, after holding a public hearing in relation to the exemption, is satisfied that the exemption is consistent with the Canadian telecommunications policy objectives."[229] The Act was amended at the same time to state that its provisions did not apply to the province of Saskatchewan, "until a day to be fixed for that purpose by the Governor in Council on the expiration of five years after [the legislation] comes into force, or such earlier day as is fixed by ... written request of the Government of Saskatchewan."[230] In other words, the Mulroney administration placed a "trigger" in the legislation making explicit that the exemption had a specific time limit, at the end of which it would be reviewed and probably rescinded. For Ottawa's position was clearly that this exception to the general rule binding on other provincial telephone Crowns could not be allowed to continue.[231] It is interesting nevertheless, and perhaps even significant, that these two items—the moratorium on federal jurisdiction over SaskTel and the subsequent amendments to the Telecommunications Act—were the only survivors of the Charlottetown debacle.

In the meantime, the Crown corporation did not wait idly by for future events to unfold, but continued to build on its strategic advantages of staff expertise and advanced technology to meet the ever-changing needs of its customers in the ever-changing milieu of business and communications. Hence near the end of 1992, SaskTel put into place a new organizational structure with three goals in view: to improve operating efficiency at all levels and innovate new ways to increase revenues; to build greater autonomy into the Crown's workforce, while renewing its emphasis on teamwork at the same time; and "most important of all," to ensure that increasing subscriber satisfaction was at the core of every corporate action. "By staying constantly focused on the marketplace" during the rest of the decade, declared SaskTel's new president, Fred Van Parys, "we will provide customers with competitively priced products and services that add real value, whether to enhance personal productivity at home or to increase business profitability in the marketplace."[232]

CHAPTER FIFTEEN

THE 1990S: CHALLENGE AND CHANGE

DESPITE THE POLITICAL VICISSITUDES OF THE 1980S, SaskTel's annual reports for the period remained optimistic about its recent achievements and future prospects. Reflecting in 1989 on the Crown's performance over the previous 10 years, President James A. Coombs (1986–91) was proud to report that SaskTel had experienced "a decade of aggressive growth and development, and [would] enter the 1990s with a solid financial and technological foundation." Equally important, he added, the corporation was poised to embark on the next 10 years "well endowed" with a talented and devoted staff, whose commitment to excellence would ensure that SaskTel remained focused on improving its customer services and maintaining its leadership in technology. If, however, the "dramatic strides" taken by the telecommunications industry were "especially pronounced" during the 1980s, warned Coombs on a more solemn note, then the new decade would "be distinguished by an even greater pace of technological and regulatory change." By the year 2000, he predicted, "our industry is likely to bear little resemblance to what it is today."[1]

SaskTel had much to be proud of as it looked forward to the 1990s. Ten years before, the number of telephones in service across the province had reached a record 618,614. That statistic was no longer meaningful after 1982, however, when the corporation lost its monopoly on the ownership of telephone sets and rental equipment. It turned instead to counting the number of residential and business customers, which continued to rise throughout the decade until, by 1990, there were 430,000 of them.[2] The number of long-distance calls originating in Saskatchewan had shown similar growth, nearly doubling from 76.3 million voice, data and "other" messages in 1980 to 147.5 million in 1990. Also in 1980, the Crown's net earnings had amounted to $24.8 million, of which $12.4 million were declared a dividend to the province. Yet by 1990, those figures had leapt respectively to $46.9 million and $23.4 million.[3]

In the meantime, a variety of long-term projects initiated prior to 1980 had been brought to fruition, such as "touch-tone phoning," the Traffic Operator Position System (TOPS) initiative, and the Rural Service Improvement Program.[4] Additional undertakings either finished or nearly finished during the same decade were Extended Area Service (EAS), Automatic Number Identification (ANI), Exchange Radio-Telephone Service, Air-to-Ground Radio-Telecommunications, and "Rehoming." Although it meant the payment of higher monthly rates, EAS (introduced in 1979) allowed subscribers "to make toll-free calls within the [designated] area ... that would otherwise be considered long distance." ANI, initiated in the late 1970s and completed by 1988, recorded a customer's number automatically when phoning long-distance, instead of the caller having to provide the number orally to the operator for billing purposes.[5] Calling cards were also introduced at this time as an effort to eliminate third-number toll fraud that cost telephone companies across North America a substantial amount of money every year.[6] "Rehoming" further streamlined provincial long-distance operations, by channeling the traffic from small rural communities through the major centres of Regina and Saskatoon. Considered a long-term priority by SaskTel, this initiative provided subscribers, especially in the countryside, "with a faster, higher quality, and more reliable service" than ever before.[7]

As for air-to-ground radio-telecommunications introduced in 1980, Saskatchewan was the second province in Canada to provide this facility for its customers.[8] Residents of northern Saskatchewan were provided, meanwhile, with improved and economical long-distance toll and local facilities of their own via the introduction in 1981 of Exchange Radio-Telephone Service. Extended three years later to include remote communities, small resorts without telephone connections hitherto, and key locations along major northern highways, the system supplied residents and travelers alike with effective telecommunications in places where regular service was unavailable.[9]

SaskTel's most significant achievements during the 1980s were related, however, to the construction of its 3,286 kilometre broad-band fibre-optic system (BBN). Begun in 1980 and completed in 1984 "on schedule and under budget," each line consisted of six fibres, two of which carried messages and two of which carried television signals. Inauguration of the network was regarded as the first major step toward the Crown's ultimate goal of establishing an "all-digital" telecommunications system for the province by the year 2000.[10] The potential benefits of the plan were substantial. According to predictions, a computer-based all-digital network would allow subscribers to send and receive more than one kind of communications signal simultaneously over existing telephone lines. "It will be possible, for example, to talk on the phone, send computer data or conduct a banking transaction over the same line at the same time." A digitized network also would permit delivery of cable TV signals to remote areas, where reception was weak and quality bad. Digital technology was thus integral to the new Information Age which (declared the corporation's *Annual Report* for 1985) was even then

> *a reality for many. Nearly half of those working in North America earn their living by creating, gathering, processing, distributing or using information. Data has become the dominant raw material of modern society – words, signals, equations, images, statistics – facts upon which individuals and businesses increasingly depend.*[11]

Already SaskTel had responded to the advent of the Information Age by providing its residential and business customers with new services made possible by the almost daily advances in digital technology. The most obvious benefit to the average subscriber was the extent to which he became his own operator, via the adaptation of such services as Direct Overseas and zero-plus dialing in 1981 for the unassisted placement of international long-distance calls throughout North America and outside the continent.[12] Similar improvements followed in 1983 with the inauguration of 1-800 dialing within the province (whereby toll charges were paid by the party called, not the caller), and its extension a year later to the United States. Also in 1984, 1-900 dialing (another option whereby callers paid the toll rates) was made available to Saskatchewan businesses, along with "Hello Central" for voice mail and "Remote Call Forwarding," its long-distance complement.[13] A year later, Regina became the first city in the province to have 24-hour emergency access to police, fire and ambulance service via 9-1-1.[14]

Advanced digital technology was most evident, though, in the development of numerous business-related facilities, such as "Pathfinder," the Crown's interactive two-way visual information or "videotex" service (first offered in 1982)[15] and Agritex, the electronic agricultural information service initiated the following year.[16] Another innovation was the introduction in 1983 on a trial basis of "Envoy Post," an electronic mail service developed jointly by Telecom Canada and the Canada Post Corporation. Tested over a 12-month period in 20 cities across the country, including Regina, Envoy Post allowed users to send and receive information on a display screen. A system upgrade two years later allowed Saskatchewan residents to transmit messages not only throughout North America, but also overseas for global "e-mail" communications.[17] Equally innovative was an educational field trial, launched in autumn 1984, that involved SaskTel's fibre-optic system and the University of Regina. Classroom lectures originating on the college campus were transmitted live via BBN to students in the Melville, Moose Jaw, Swift Current and Yorkton areas,[18] thus inaugurating an educational service later dubbed "distance learning."

What SaskTel's Board of Directors and management team both recognized during the 1980s, in short, was the clear need to keep pace with technological developments and new service-offerings if the corporation were to remain a leader in the industry, especially at a time of growing competition. After all, noted the company's *Annual Report* for 1985, "the hallmark of telecommunications is that progress never stops."[19] To ensure its continuing viability, therefore, it was incumbent on the corporation to remain responsive to customer needs in the lucrative business field especially, by supplying a wide variety of services and products tailored to the individual organization's requirements. Successive annual reports noted that the substantial increase in the use of such facilities as visual display terminals, high-speed printers and numerous data transmission systems "reflected, to a large degree, the continuing growth and diversification of the province's economy."[20]

Thus recognizing the dual importance of offering customers complete system solutions, and accepting the "end-to-end responsibilities" for meeting their information-handling needs, particularly in the business sector, SaskTel adopted a "Total Telecommunications" concept in mid-decade.[21] The Crown's philosophy that service to the customer "must be our foremost concern," joined to the understanding that its future was "tied inseparably to the marketplace,"[22] served to enhance what was already regarded as one of the lowest-priced, most modern telecommunications systems available anywhere in the world—a system both created by and sustained through the practical application "of the very latest technologies and the efficient management of ... resources."[23]

At the core, meanwhile, of SaskTel's long-term planning to maintain its vitality, service quality and competitive edge in the rapidly changing business environment of the 1980s was its acknowledged goal of achieving a state-of-the- art, all-digital network by the turn of the next century. This work began in 1984 with a 10-year, $345 million project to replace the existing electro-mechanical and electronic switching equipment with digital switching systems. This sophisticated technology would dramatically enhance both the fidelity of signals and the flexibility of the whole network, enabling it to provide advanced, cost-effective telecommunications services.[24]

In 1986, a crucial step in realizing that ultimate objective was taken when the public plant was switched entirely over to 1+ dialing, after converting the last few exchanges to digital equipment. Hailed as a milestone in SaskTel's plan to up-grade the provincial long-distance network, the new technology provided rural customers in particular with the same fast, high-quality service available to city folk, while giving them access, as well, "to many of the advanced features, such as direct dialing overseas and [zero-plus] dialing, provided by digital switching equipment."[25] Though not directly linked to the all-digital plan, but certainly complementary to it, in 1987 SaskTel also completed construction on its segment of Telecom Canada's new national fibre-optics network (announced in 1985) at a cost to the province of $18 million.[26]

All the while, the Crown corporation carefully cultivated public relations in a way that "represented a change in and an extension of the company's marketing activities."[27] Ever since the 1960s, to be sure, both the Board of Directors and the senior management staff had attended carefully to ensuring a positive image in the public domain by donating money to provincial organizations, contributing to various charities and lending the corporate name to local, regional and national events. One example was SaskTel's active support of Saskatchewan's artistic community. Over the years, the company purchased works by provincial artists for a collection that today numbers 350 pieces of painting and sculpture.[28]

During the 1980s, however, the utility not only realigned its human resources to reflect SaskTel's philosophy that customer service "must be our foremost concern"; it also initiated a Corporate Effectiveness Program (est. 1986) that placed accountability on the front line "where it should be," and pursued numerous public policy objectives—"a dimension beyond that of the private sector."[29] At the same time, the Crown heightened its profile through the sponsorship of various public events as in the past, but specifically "as a means of conveying to our customers information about products and services of interest to them."[30] At the Jeux Canada Games hosted by Saskatoon in 1988, for example, it used its involvement to unveil cellular telephone service, a brand-new offering aggressively promoted throughout the event. On 8 August, in fact, just a few days prior to the opening ceremonies, Gary Lane, the minister responsible for SaskTel, made the first official cellular telephone call to Tony Dagnone, president of the Games.[31]

But these sponsorships had important strategic overtones, as well. They allowed the corporation to make clear, if indirect statements in the face of privatization and federal regulation of its vital role in the Canadian telecommunications industry as a major public utility, owned and operated by the people of Saskatchewan. For that reason, during the Crown's 75th anniversary celebrations in 1983, account inserts were mailed out to subscribers across the province with their regular billing, announcing the event and "the many ways SaskTel [had] provided quality service" for more than seven decades. Arrangements were also made to integrate this theme into displays at major exhibitions and local fairs around Saskatchewan. Management openly acknowledged that this milestone in SaskTel's history provided "an excellent opportunity for valuable public relations activities, both internal and external, to demonstrate ... that SaskTel has a responsibility for technical service but also for community service."[32]

More than that, however, the anniversary allowed the corporation to make a strong political statement, for one of the celebrations marking the occasion was hosted by the Trans-Canada Telephone System at Ottawa.[33] Partly for the same reason, SaskTel participated in Telecom Canada's pavilion at Expo '86, held in Vancouver. Because the theme of the world's fair was "Man in Motion—Transportation and Related Communications," Telecom and its members expected to make a major contribution to the festivities. To that end, the telephone pavilion's main attraction was a 360° "circle-vision threatre," which surrounded visitors with the sights and sounds of people across Canada.[34] Newly founded SaskTel International (see below) hosted a separate booth in the World Business Showcase, where spectators learned about the technical expertise offered to telecommunications organizations worldwide by such companies as Canadian Communications International (CCI).[35] That consortium had been established a few months earlier in 1986 by SaskTel, Edmonton Telephones of Alberta and TSI (B.C. Telephones' international arm) for market exploration in Far-Eastern countries, principally China.[36] Finally, the "Hall of Innovation" located inside Saskatchewan's own exhibit was sponsored by SaskTel itself, to showcase the province's many achievements, starting with the public utility's historic contributions to Canadian telecommunications.[37]

Participation in such high-profile events enhanced the Crown corporation's image, especially as the industry was undergoing a major evolution "driven largely by the rapid pace of technological innovation and by trends to deregulation and competition."[38] These factors, coupled with increasing population mobility, slowing rural-urban demographic shift, occasional shortages of skilled labour, and continuing high inflation and interest rates left over from the early 1980s, now exerted a more intensive "cost-price squeeze" on SaskTel than at any other time in recent memory. And that threatened its traditional operating concepts.[39]

One solution to these mounting pressures and influences was to apply the same principles of sound business practice "used by our growing list of competitors."[40] Another was to fund capital projects not just through the reinvestment of corporate net-earnings, but also through money realized from the sale of Telebonds to Saskatchewan residents. The latter showed such support for the initiative, in fact, that the inaugural bond issue in 1988 soon surpassed its objective of raising $100 million.[41] A third solution was to attract the best- trained and most dedicated employees in the industry, in order to anticipate customer needs and meet them "before competitors knew they are needed." That was key, noted the annual reports, "to our continuing success."[42]

Hence the necessity of maintaining good labour relations. These were generally strong during the decade, despite some disagreement with the union in 1983 over contract negotiations and a potential strike that prompted a brief lock-out in 1987.[43] Job security was the primary issue in face of rumours circulating at the time that SaskTel planned to reduce its entire in-scope work force to just 2,000 employees by the year 2000. Although no one was laid-off, some people were redeployed within the corporation or given early retirement opportunities.[44] Anxiety spread, nevertheless, prompting the union to take action in the form of rotating work stoppages and "study sessions" at offices around the province. Management had to anticipate as far as possible where the next walk-off would occur, and prepare itself to fill the vacancies at a moment's notice to maintain operations. That involved some impromptu training so that these out-of-scope people had some idea as to what they were doing.

The labour dispute lasted no more than two weeks, however, and ended amicably. It was also salutary for managers to be on the front lines, especially those who experienced first hand the rigid rules that still applied to operators, described as "one of the last indentured groups in the civilized working world as far as working conditions were concerned."[45] Owing to that experience, some of those condition were relaxed and the regulations made less severe.

But the best response to the mounting pressures of privatization, regulation and competition was to remain focused on the service needs of the Saskatchewan public. As part of that policy, SaskTel opened its first Telmart in the Cornwall Centre at Regina in 1984, followed by six more in 1985–86 at Prince Albert, Saskatoon, Swift Current, Weyburn, Yorkton and Moose Jaw.[46] Later renamed the "SaskTel Store," the Telmart was conceived originally as a retail outlet where subscribers could pay their monthly bill, purchase new products, consult on services tailored to individual needs, examine new telecommunications equipment for both residential and business use, and explore the wide array of options in data, voice and message transmission. The Telmart was, in short, a vehicle for personal contact with a SaskTel representative, and a means by which the company reached out directly to the general public.

That manifest commitment to bringing the benefits of the Information Age to the people of Saskatchewan was stated explicitly in the new mission statement composed by SaskTel in 1987. While reaffirming the corporation's traditional goals of providing efficient, cost-effective and inexpensive service at a profit to the corporation, the statement acknowledged the need to meet the challenges of an ever-changing marketplace through selective competition in areas such as international consulting, office automation and computer services. "When necessary, we will create new organizational structures to support our competitive thrusts," declared the document; at the same time, "we will listen more attentively to our customers, and work closely with them to plan and develop solutions tailored to their needs."[47]

But because SaskTel's success hinged just as much upon participation in telecommunications research and development "for the benefit of the province," the new mission statement further reasserted the Crown's dedication to product quality, technological leadership and extension of the public telecommunications network. All of these goals depended, however, upon fostering an "innovative culture" within SaskTel, while reacting swiftly to consumer needs and opening lines of communication that cut across organizational boundaries in an increasingly competitive environment. "We are proud of our heritage of service to Saskatchewan, our high standards of professionalism and our leadership," concluded the statement, adding that the hallmarks of that legacy were honesty and fairness in SaskTel's daily transactions with customers, business partners and the wider public alike.[48]

CONFRONTING THE COMPETITION, 1990–1995

The new decade began auspiciously enough with the virtual completion of the Individual Line Service program, begun in 1986. Concluded on schedule at a cost of $225 million ($39 million below original estimates), the project—described as the largest undertaking in SaskTel's history—finally brought "advanced urban-quality lines to rural customers throughout the province."[49] "The days of party lines and long rings were over!"[50] At the same time, the last four farmers' telephone companies were absorbed into the government-owned network under the Voluntary Assimilation project, begun in 1976. In all, 704 rural systems, serving over 48,531 subscribers, had been taken over by SaskTel, until none remained by 31 December 1990.[51] On that date, the old Department of Telephones became redundant and was dismantled.

The lore of rural telephones was now but a memory in Saskatchewan, along with its many idiosyncracies. One of these was the rule that no call could last longer than five minutes, punishable by a 10¢ penalty for anyone who refused to surrender the line. Another was the practice of eavesdropping on other conversations, an activity commonly known as "rubbering," which was at once a source of annoyance to those whose calls were overheard and of entertainment for those who did the overhearing. Gone also were the days when a "general ring" summoned the entire community to a picnic, school concert or local emergency. As for the rural telephone line's additional function for pioneers, homesteaders and latter-day farmers alike as a landmark to guide them homeward during the terrible winter storms that frequently struck the province, an alternative had to be found.[52] Where once the ubiquitous telephone pole was a common sight on the prairie landscape, the less conspicuous power pole now provided a less visible substitute.

Work hastened, meanwhile, on SaskTel's long-range project to convert its telecommunications network entirely over to computer-based digital technology by mid-decade, instead of the year 2000 as originally planned. When finally completed at a total estimated cost of $500 million, management predicted that customers "will have access to the very latest facilities, services and benefits which the Information Age has to offer anywhere." Among the many advantages promised by the advanced system was dramatic improvement in efficiency and transmission quality. Both were expected to be so cost-effective that "in little more than three years" from the expected date of inception, "when costs of almost all other goods and services [will] have increased by up to 20 percent, long distance rates will have been cut almost in half." This prediction was supported, moreover, by the current downward trend in toll charges. Indeed, between 1987 and 1992 the cost of out-of-province long-distance calls dropped by an average of 46 percent, owing largely to SaskTel's assistance for customers to become more competitive in the increasingly global marketplace.[53]

The progress already made toward realizing that all-digital objective helped, in the meantime, to stimulate other initiatives. Some of these focused on advanced service offerings specifically for local residential and business subscribers, such as the "40/40 plan." Introduced in 1990, this "innovative new standard" enlarged the scope of basic telephone service by providing 40 minutes of toll-free direct-dialed calling every month within a 45-mile radius of each customer's home exchange. By this means, SaskTel extended a more consistent quality of service to urban and rural residents alike, while simultaneously ensuring that everyone had more reasonable access to basic support and emergency services regardless of where he lived. The new plan formed part of a still larger package of policy and rate changes announced later the same year, which together represented annual savings of $18 million to SaskTel subscribers. Among other items was the client's right to purchase, lease or rent all telecommunications equipment from any available supplier of choice, including SaskTel, and with it the freedom to install and expand his own inside wiring.[54] Additional improvements followed, such as the provincewide Enhanced 9-1-1 program, designed for areas that were currently unserved by call-answer centres at Regina, Saskatoon or Prince Albert. Inaugurated in 1995–96, full installation of this special service was targeted for completion by the year 2000, when Enhanced 9-1-1 would be available to the rest of Saskatchewan.[55]

But most of the corporation's initiatives during the 1990s were related directly or indirectly to its intense preoccupation with the growing challenge of competition in provincial, national and global markets. This became a matter of particular urgency starting in 1992, when the CRTC introduced long-distance competition throughout Canada. That action directly threatened the profitability and, by extension, the future viability of SaskTel. For early in the decade, more than 60 percent of its gross annual earnings were derived from long-distance sources. In fact, long distance generated almost all of the corporation's net income and the funds used to provide subsidized service in almost all lines of business. No other telecommunications provider in Canada at this period was so reliant on long-distance earnings as SaskTel.

Looking ahead, management recognized that revenues and margins in competitive services, especially from long distance, were likely to diminish over time, owing to market-share loss and market-price reductions. Moreover, given the particular significance of long distance not just to the

Saskatchewan Crown, but to other telecommunications providers across Canada, too, a new economic model had to be created for the industry. Although SaskTel enjoyed a moratorium from federal regulation until 1998, and hence protection for the moment from competition, in "a dramatically more competitive world" now emerging, significant changes were required in the way it operated if the provincial system were to continue "to provide high quality, universal service and contribute to the economic well-being" of Saskatchewan.[56] Above all, that meant keeping pace with changes in the telecommunications marketplace, in order to exploit every new business opportunity that arose. Otherwise, the corporation could not hope to meet its traditional goals of providing quality products and the latest technology at competitive prices, let alone return a reasonable profit to the people of the province or retain its role as a communications leader in the ever-changing industry.[57]

At the same time, these new market forces seemed daunting. Not only did SaskTel have to supply products and services in the midst of a weak national economy that afflicted the early 1990s; the advent of competition in national long-distance telephone service had a "spill-over effect" that also reduced its operating revenue by millions of dollars per year. Between 1990 and 1995, in fact, the major telecommunications carriers across Canada watched their long-haul rates drop by 50 percent. This was caused, in part, by the current economic slump. Yet as experts quickly pointed out, "the telecommunications business had a history of weathering recessionary periods better than other industries."[58]

Far more damaging was the introduction of competition into areas under federal CRTC jurisdiction. Although SaskTel was protected from regulation for the short term, it chose nevertheless to match the lower tariffs, in order to provide customers "with the kind of savings other Canadians enjoy." As a result, corporate income from long-distance shrank by more than $100 million during the first five years of the new decade, while revenues earned from the utility's share in the trans-Canada system similarly plummeted. There was, however, at least one positive side-effect from the reduced charges. They stimulated a significant increase in the annual number of long-distance minutes originated by Saskatchewan subscribers over the same period.[59] That helped to cushion the financial blow caused by the price drop, though it did not completely balance the loss of revenue.

Yet this situation evoked a serious challenge for SaskTel—"meeting the demands of our customers fairly." Traditionally, noted its *Annual Report* for 1995, long-distance revenue had been used to subsidize the real cost of providing local service throughout the province's sparsely populated landscape. "But now the revenue base for this subsidy is shrinking." Not only did the telecommunications market foster demand for new and better services that required ever more complex technologies, "many of which are expensive to deliver to the end of the road." But with the advent of competition consumers had greater choice of services and service providers than ever before, which translated into more savings on long-haul rates. Thus, "our ability to subsidize the cost of these services will be increasingly [threatened]," warned the same *Annual Report*, "as we face more competition in all areas of our business."[60]

Still more ominous was that management could foresee a day when competition—and thus federal regulation—was no longer escapable, "bringing with it the burden of higher costs and reduced ability for quick delivery of new services."[61] That anxiety lay behind much of the decision noted above to reduce long-distance tolls in conformity with other systems in the country already under CRTC jurisdiction, despite the loss of revenue. Furthermore, by reducing long- distance rates voluntarily while this power still lay within the corporation's control might provide some of the leverage it needed to obtain an extension of the moratorium from Ottawa. These issues raised two primary concerns for SaskTel prior to 1998:

> *First, how do we reduce the impact of long-distance revenue losses? And second, how do we serve both the customer who lives at the end of the road where our competitors may never reach and the customer in the city who can choose from an array of technologies and services offered by dozens of telecommunications providers?*[62]

Looking back from the end of the decade, it is clear that management had underestimated the level of rate reductions, overestimated by as much as 10 percent the level of market-share loss within Saskatchewan, and underestimated the level of increase in long-distance minutes by the year 2000. But there were few precise indicators at the time upon which accurate forecasts could be based. One thing was certain, however. The advent of competition necessitated a balanced focus on growth, operation efficiencies and customers.

A possible means to those ends was to reduce operating expenses. Hence, SaskTel intensified its cost-control efforts, streamlining its daily operations, encouraging employee participation in such projects as its highly successful earnings improvement program, and promoting an enhanced early retirement package for long-term staff, many of whom took advantage of the option.[63] To make that package still more attractive (and thereby cut costs even further), the corporation recommended legislative changes to the Superannuation Act that would permit SaskTel to make the program consistent with Revenue Canada's eligibility criteria.[64] "With a leaner team," assured the 1992 *Annual Report* in confident tones,

> *SaskTel's executive and managers, along with union employees, will work together to effectively manage the unprecedented changes that continue to reshape the industry. We will help to maximize the contribution of every employee by providing opportunities for them to grow both personally and professionally. By empowering employees and creating a corporate culture that fosters a team spirit beyond traditional boundaries, we will be able to respond more quickly to meet the needs of the dynamic marketplace and aggressively pursue emerging business opportunities.*[65]

A second approach to the challenges brought by competition was to restructure ownership of the corporation. In anticipation of future developments legislation was passed toward the end of 1992 that permitted the creation of a holding company for SaskTel, separate from the operating company. Although the goal of protecting the Crown's non-integral assets from federal regulation by means of reorganization was "transparent to customers and employees" alike, it held a number of important benefits for the government-owned utility. Chief among these was the encouragement of a more competitive corporate structure that could strengthen the Crown in the evolving business milieu of the 1990s. Indeed, "by separating the company into integral and non-integral business segments, the change will simplify the regulating of SaskTel once the current moratorium expires, while allowing the corporation more flexibility to operate and expand the unregulated portion of its business."[66]

In late 1994, an Environment Committee also was formed to develop an appropriate policy for management and reporting systems that would ensure corporate diligence with respect to environmental issues.[67] Though not directly pertinent to its daily operations, and perhaps even insignificant within the context of the Crown's other structural changes, this decision heightened SaskTel's public profile with consumers as a proponent of environmental causes, in a manner that reaffirmed its role as the major provider of telecommunications services in Saskatchewan.

The third, and arguably most important approach to reducing the impact of long-distance revenue loss from competition, while still fulfilling the requirements of urban, rural and business customers alike, was diversification of products and services on both the domestic and international levels. As the pace of improvements in the telecommunications industry accelerated, consumer demand for advanced new facilities grew correspondingly. This created, in turn, additional areas for competition, along with new threats to conventional service revenues. At the same time, however, the digitization of existing networks, coupled with rapid developments in switch technologies, wireless services and computer software, presented enormous opportunities for product innovation. To remain profitable and preserve its tradition of extending affordable service to people in all parts of the province, SaskTel's policy was to confront the change in circumstances directly "by leveraging our strengths in communications technology and by providing our employees with the skills and tools they need to do everything possible to service and satisfy the needs of every customer."[68]

To that end, the corporation devised a new five-year strategic plan in 1993–94 for future growth in the face of federal regulation. It consisted of nine imperatives that addressed every aspect of the business, from human resources, financial management and service excellence to diversification, communications and regulation. This blueprint for success in the changing environment of the 1990s aimed at making SaskTel a company whose central goals were to deliver "outstanding customer service and value," to improve its competitive advantages, and to contain costs, while maintaining its commitment "to social responsibility and good citizenship."[69]

That strategy focused above all on increasing revenues and profits through aggressive deployment of new products in existing markets, existing products in new markets, and new products in new markets. For management recognized that, under the increasing pressures of competition in the industry, it was not enough to curtail operating expenses in the hope of generating the profit needed to bolster the firm's financial structure and provide rate stability for subscribers. Nor was it sufficient to adopt a long-distance positioning policy that promoted SaskTel's unique strengths by giving consumers the information they needed to make it their supplier of choice, however determined management was "to inform the people of Saskatchewan about the benefits of their daily partnership with a provincially regulated telecommunications company providing universal service, competitive prices, and excellence in quality and service."[70] The corporation needed more. Hence the emphasis on product innovation and extension of service, beginning with a network development program—launched in the mid-1990s—to increase bandwidth to the end customer by taking fibre optics deeper into the system. That paved the way to the subsequent delivery of high-speed Internet, digital and broadband services, such as "MAX" (est. 2002), which today provides these offerings to customers in a single package.

To help realize the various strategic objectives outlined above, important organizational changes followed at the executive level in 1994. Specifically, two senior vice-presidential positions were created, one for Customer Services and the other for Strategic Business Development and Administration. These appointments confirmed the corporation's growing emphasis on the marketing process, which also entailed a larger role for the Public Affairs Department.

Hitherto, decisions about the introduction of new services had been made without much reference to their implications for the company or public interest. As a monopoly, SaskTel enjoyed that power, though this sometimes placed Public Affairs in the awkward position of having to explain innovations to angry customers who were not always keen to embrace change forced on them in this manner. The Marketing Department was equally active, forecasting consumer demand and setting prices; but under the monopoly structure, its function was basically accounting. With the rapid approach of competition, however, both Marketing and Public Affairs became more vital, especially with respect to the pricing and promotion of SaskTel products in the new business environment.[71] The corporation also renewed its pledge to continue development and deployment of the latest advances in digital, fibre and wireless technologies. It recognized that these innovations "will provide the cost-effective products and services that help our customers operate successfully in a competitive global marketplace" over the long term.[72]

The moratorium from federal control until 1998 gave SaskTel an important competitive advantage in achieving these ends. For one thing, it bought the corporation valuable time to prepare for the new environment. Because every other Canadian telephone company was thrown into competition at once, they were ill-prepared for the transition. All the mistakes had yet to be made, while there were no successful models to copy. SaskTel, by contrast, was able to wait and watch as these other companies struggled to find their footing. That luxury gave the Saskatchewan Crown four or five additional years to learn essential lessons about competition from the errors committed by its future business rivals. The respite also gave SaskTel the breathing space needed to retrain its personnel to be more customer sensitive and to reduce its long-distance rates still further, well before the threat of competition became reality. That voluntary reduction of toll charges had, in turn, a very positive effect on retaining the future loyalty of the corporation's customer base.[73]

The moratorium similarly afforded SaskTel an excellent opportunity to introduce new products and facilities in the domestic market without having to undergo the long and expensive CRTC regulatory process. That bureaucratic ordeal could cost as much as $5-$6 million in a single year.[74] Nor was the public utility slow to capitalize on its unique position. Moving swiftly, in 1994 it announced plans to assume the role of the province's Internet access provider, a commercial offering that fit well within "the company's aggressive diversification strategy." Slated to begin in early 1995, SaskTel provided this service on schedule and at inexpensive rates. Furthermore, once Saskatchewan was converted entirely to the all-digital network by the mid-1990s as planned, Internet service could be provided even to remote areas of the province.[75]

In the meantime, SaskTel ingenuity was responsible for a series of related facilities. The most significant of these was Asymmetric Digital Subscriber Line technology (ADSL) for commercial high-speed Internet use. Launched in mid-1995, it was the first facility of its kind in North America. Recognizing the merits of the Internet and the many opportunities it promised for future business, management formed the Advanced Interactive Services (AIS) group in March the subsequent year to focus aggressively on developing this rapidly expanding area of telecommunications. That initiative was followed quickly by the introduction of Sympatico™ for basic Internet access at a single rate for all Saskatchewan customers, QuantumLynx™ for interactive solutions required by businesses to connect securely with their clients and subscribers, and Media and Transaction Services (provided through AIS) for interactive media like "cyber malls" (i.e., shopping on the "Net") and secure credit-card transactions.[76]

Nor did the corporation ignore its social mandate in this regard. It was the first provider in Canada to extend equal access to the Internet to rural, dial-up subscribers, who were not charged for long-distance connection as in other provinces. Although by 1997 that decision was costing the corporation an estimated $8-$10 million annually, equal Internet access was regarded as an important public policy initiative that reinforced SaskTel's role as a key instrument in that regard. Since then, the Crown has expended more than $60 million to expand and enhance areas that have access to high-speed Internet until, by the end of 2002, every community in Saskatchewan with more than 750 residents had it. No other communications provider in the world can match this service availability.[77]

SaskTel met its social policy obligations in other ways, as well. Continuing its commitment to interactive education, the corporation developed an "Internet for Schools" program. This gave all libraries and elementary, secondary and post-secondary educational institutions across Saskatchewan preferred access rates together with multiple electronic mailboxes. The Crown similarly helped with Industry Canada's "Computers for Schools" initiative, in which various government agencies donated used computers—refurbished by the Telephone Pioneers—to schools throughout the province.[78]

Still other innovations followed. Already in 1992, SaskTel had been the first telecommunications company in Canada to introduce Microlink, an advanced digital communications service that allowed business clients to transmit electronic data at high speed using existing telephone facilities. Two years later, the Saskatchewan Crown likewise pioneered the Advantage

Plus™ and Real Plus™ long-distance savings plans for business and residential customers respectively. During its initial year, Advantage Plus™ saved consumers an average of 30-60 percent on their monthly charges. Real Plus™ was almost as beneficial, saving home subscribers between 15 and 20 percent; yet it also offered a rewards program that could reduce residential bills still further.[79] With the introduction of the enhanced Real Plus Extra™ plan over the next 24 months, SaskTel's long-distance revenues, in decline since 1987, actually increased by 10 percent, despite further rate reductions. This was owing at least as much to the growth of subscriber use stimulated by these new offerings, as it was to a stronger provincial economy.[80]

Another contributor to that upward trend was the general increase in local telephone revenues, interprovincial long-distance earnings and income from such diversified operations as the SaskTel Mobility cellular network and "TalkMail." The former was a subdivision of the parent company, incorporated in 1993 when the Crown was restructured into integral and non-integral business segments. Like other diversified areas of the public utility, SaskTel Mobility was an ever-profitable subsidiary that operated outside the usual business of long-distance and local telephone access.[81] (By 2002, its operating revenues had grown to $160 million with approximately 270,000 customers.) SaskTel Mobility was especially critical for the expansion of cellular facilities into northern Saskatchewan, above the 54th parallel, via such programs as FleetNet 800 network coverage, introduced in 1994.[82] These technologies, together with its paging services, enabled the subsidiary to deliver a complete wireless facilities package to prospective customers for a variety of communications needs. It was aggressive, moreover, in marketing these products. From its first year in operation, in fact, SaskTel Mobility pursued a successful strategy of "first in wins," expanding into viable communities to seize the local market before the arrival of competitors like Cantel.[83]

TalkMail, on the other hand, was a new service introduced in 1995 at an initial cost of $1.77 million. It enabled a voice message to be sent simultaneously to several receivers on a distribution list. Previous market studies authorized by SaskTel's Board of Directors had indicated a profit potential of $10-$23 million within TalkMail's first 10 years of operation, given the significant demand for this advanced service by businesses, schools and communities throughout Saskatchewan. As it was, competitors currently offered comparable facilities in the provincial marketplace, which were used by the RCMP, various department stores, public libraries and other organizations. It was essential, therefore, that SaskTel enter, and perhaps even capture this lucrative field to preserve its vitality and sharpen its competitive edge. Besides, TalkMail promised to stimulate still higher revenues already earned from the company's Message Manager, pay-telephone, cellular and long-distance toll services.[84] But like some other initiatives approved by the Board during the decade, the actual returns on this particular investment lagged well behind enthusiastic predictions. In 2001, five years after its inauguration, TalkMail generated a profit of only $93,000, far below the millions originally forecast.

In the meantime, the Saskatchewan Crown closed ranks with other members of Telecom Canada (renamed the Stentor Canadian Network

Management in 1992),[85] in order to meet the challenges of the global economy and to stay abreast of rapidly evolving customer needs across the country with the advent of regulation. For that reason, SaskTel considered joining the so-called "Beacon Initiative," which the alliance proposed in 1994. The goal, pending CRTC approval, was to pool the financial and human resources of Stentor's partners for the specific purpose of converting the national telecommunications system that already existed into a high-capacity, all-digital network that could deliver enhanced data, image and voice services. The work was to be finished over the subsequent decade at an estimated cost of $8 billion.[86] This major, long-term project never materialized, however, for available technology and economics would not support the construction of a new broadband network.

Yet when it was first proposed, SaskTel was enthusiastic about the joint venture which, it predicted, had the potential on paper to "provide a framework for what is often referred to as the information highway."[87] It also appeared to be well-timed, for in 1995 the provincial plant successfully completed its own plan, begun nine years before, to extend computer-based all-digital service throughout its territory.[88] It was the earliest system in Canada, and among the earliest on the continent, to reach that milestone. In its wake followed another major advancement—the complete redesign of the intertel network, which provided for dynamic control of trunk routing between switches to prevent blockage of customer recalls. Hence, because the corporation was already so well advanced in digital switching and network computerization, which "brought universal, urban-quality individual line service to all customers," it had a significant lead in bringing the Beacon Initiative to Saskatchewan, if viable.[89] In the event, however, the initiative was not, and so it was abandoned.

On the other hand, SaskTel's investment in computer-based all-digital service and redesign of its intertel network opened up enormous possibilities for dominating Internet access within the province, while expanding business opportunities to encompass a variety of joint ventures that focused on potentially lucrative web services across Canada. One of the most successful undertakings in this area began in 1998, when the corporation opened negotiations with Simpson Video Communications for restructuring Hospitality Network Canada Inc. (HNCI). This company had been established four years earlier to offer interactive entertainment services to the hotel and hospital market. During the talks, HNCI continued to expand into new hotels throughout Saskatchewan and also bid successfully for the Regina Health District television service contract. That agreement, noted SaskTel's Board of Directors, "will generate other interest from around the province, as well as offer export opportunities within Canada and internationally."[90] Since then, HNCI has grown to 262 employees nationwide, with headquarters and a staff of 26 located in Saskatoon.

At the same time, the company negotiated a joint venture with Alberta's Agritech International Corporation for the creation of an Agrifood data warehouse, with physical components to be housed in Calgary and Regina. "For starters," argued SaskTel's Board, this partnership "might implement an Internet- based cattle registration service and database of individual records that will track important information for the cattle producer and for Agriculture & Agrifood Canada regarding production, grading, history and annual health information from birth to the butcher." The potential advantages for farmers in both prairie provinces were thus enormous. The venture required an investment by SaskTel of technical and marketing resources, as well as QuantumLynx™ on-line technology solutions. The corporation's AIS division also provided the necessary expertise to build the data warehouse and integrate it into the worldwide web.[91]

EXPORTING SASKTEL

It was on the global field, however, that the corporation was most aggressive. Ever since its formation as a subsidiary of the parent company in 1986, SaskTel International (SI) had actively pursued diversification opportunities in selected world-wide markets under a clear mandate to sell modern, cost-effective telecommunications software, systems and services around the globe. That included technical consulting, network design and all phases of project management from planning through construction, operation and maintenance.

The inspiration for SI had developed directly from SaskTel's pioneering expertise in fibre optics, which attracted widespread international attention. No sooner, in fact, had the advanced new system cut into service in 1984 than the corporation was besieged by successive delegations from over 40 countries, the United States included, that were keen to learn about the technology and its application to telecommunications. "This was the beginning of an opportunity," recalls Frank Degenstein, who presided over the Crown at this date, "to be consultants in the fibre-optics business."[92] The idea to incorporate a separate entity for the purpose of exporting that expertise abroad really took flight, however, following three high-profile requests for SaskTel's aid. One came from a prominent Idaho construction firm under contract with various American railway companies to install fibre along their tracks from coast to coast. Another came from U.S.-based Northern Telecom, which planned to sell and install the switches on its customers' existing networks with more sophisticated technology, but lacked the trained personnel to do the job. And the third came from the government of China for help in building a telephone system in one of the country's many provinces.[93]

Ultimately, only the Northern Telecom deal succeeded. The first of the three ventures collapsed because of cost, though SaskTel profited handsomely from consultation fees beforehand. The Chinese plan similarly fell through. It was simply too vast for a company the size of the Saskatchewan Crown to undertake single-handedly. The corporation was able, nevertheless, to sell some of its outmoded, but still functional, PBX exchange equipment to modernize China's network.[94] The point is that the proposal to create SaskTel International was an outgrowth of these earlier projects. Moreover, Conservative Premier Grant Devine and his administration supported the idea, for as "entrepreneurials" they recognized a good business opportunity when they saw it. The Tories were probably also swayed because the new entity would not compete with other Saskatchewan businesses, but would look to markets outside the province.[95] So like other governments before and after, the Conservatives gave SaskTel "critical support at a critical moment" for an innovation "of great advantage to the company," even though they "professed to be oriented toward privatization."[96]

Thus in 1986 SaskTel International was incorporated as a wholly owned subsidiary of the corporation to undertake contract work around the world, initially in the field of fibre-optics. But the new entity soon also became involved in equity investments and strategic alliances in various ventures, among them the formation also in 1986 of Canadian Communications International in partnership with Edmonton Telephones and British Columbia's TSI. SI similarly engaged in a variety of joint efforts to minimize risks and, at the same time, create durable working relationships with a view to developing future business prospects. Furthermore, as additional foreign markets opened to competition, SI continued its search "for new investment opportunities ... that required [SaskTel's] technical expertise and operating experience in the building and management of advanced communications systems."[97]

The 1990s were a particularly fertile period for these activities, as SaskTel International embarked on a number of major projects around the globe and exploited the potential for foreign business wherever possible. Many of these ventures focused on building, upgrading or expanding local telecommunications services in third-world countries. In each case, SI provided "everything the client [needed] to get a new telecommunications system up and running."[98]

"Network integration services" thus became a significant SI export during the decade. Between 1990 and 1998, for example, the subsidiary signed a series of contracts with the government of the Philippines, worth almost $100 million (US), to install and integrate a telecommunications network for that nation's Municipal Telephone Project. The need for this, exclaims SI president Garry Simons, was "just overwhelming!"[99] The basic problem was that the Philippines, like other developing countries, had not given the construction of a viable telephone system the priority needed in the modern world. The situation was complicated further by dramatic discrepancies between wealth and poverty in the capital of Manila and generally throughout Filipino society, above all in rural districts that were especially poor and lacking in any infrastructure. So SI's first task under such conditions was to educate the government and people about the benefits of having an effective telecommunications network. Its second task was to ensure that there was funding for the project, either from the host government—in this case Manila—or some international aid program. For then as now, asserts Simons, as a small company "we have to have guaranteed payment up front."[100]

With the money in place, SI proceeded to build a rural telephone system for the Philippines, starting in 1990. Under successive contracts, it provided expertise in design, support, engineering, procurement, installation, commissioning, training and maintenance to the local Department of Transportation and Communications, TelicPhil (a consortium of Philippines telecommunications carriers) and the country's Long Distance Telephone Company. The goal was to give 28 provinces and 250 communities on the more rural and isolated islands of the archipelago both basic and more advanced telephone service.[101] "Using locally appropriate technology, including solar power for electricity and water buffalo to haul equipment."[102] SaskTel International further planned and built advanced exchange networks and microwave-radio systems (where local topography permitted), along with such capital works projects as installing switching and outside plant equipment, private branch exchanges, operational support and even billing systems.

SaskTel International learned a great deal from this experience, if for no other reason than that the rural telephone system it first installed for the island nation rapidly deteriorated, because it was neither used nor maintained. The reason for this was that the network was designed and built as a central agency of the Philippines government, which tried to operate it afterward through a series of mechanisms imposed from above. Local people were glad to have telephones, to be sure, but they felt no sense of ownership, because the system had not been woven into the fabric of local society. So vandalism of the property and technology became endemic. Nor was the damage considered criminal by people who found other, more urgent personal need for the purloined equipment in their own homes.[103]

Thus confronted with initial failure, SI reconsidered its approach by looking to SaskTel's own historical growth, particularly in the rural field. What management realized was that for such a system to succeed, "it's got to grow out of the needs of the individual small communities, and it's got to answer those needs or it simply will not take root and flourish."[104] The new object, therefore, was to build from the ground up, starting at the level of the local exchange as a quasi-cooperative. In other words, it was to create a telephone plant not unlike Saskatchewan's, with its mixture of government-owned trunk lines as the backbone of the provincial network, to which were connected hundreds of rural systems.[105]

This lesson, confesses SI president Garry Simons, "was something we should always have known if we had really thought about it."[106] After all, adds former SaskTel president Gillis McCormick, at its own birth the Crown was itself "really just like a big rural telephone company."[107] It grew out of local communities building for themselves and solving their own communications problems. Armed with that understanding, SI returned to the Philippines, urging the government to rebuild the network from the local level up. This would have a better chance of success in the long run, it explained, because the local people would have an investment in the finished system and would feel a sense of ownership, therefore.[108]

Since then, SaskTel has urged the same approach to building communications systems in developing nations on the World Bank, the Inter-American Development Bank and other foreign-aid agencies as the most appropriate and most effective model.[109] SI also participated directly with the World Bank, meanwhile, to help the Philippines' long-distance company improve its project management process. The SaskTel subsidiary similarly continued its work with TelicPhil to develop a business case for a proposed communications backbone network.[110]

During the same period that SI was engaged in the Philippines, it completed the upgrade of 1,500 kilometres of track-side telecommunications equipment facilities in the African nation of Tanzania, between the capital of

Dar es Salaam on the shores of the Indian Ocean, and the city of Mwanza on the banks of Lake Victoria. Work began in 1988 under an $11 million contract with the Canadian International Development Agency (CIDA) and the Tanzania Railway Corporation. The project was finished in 1992.[111] Two years later, SI undertook another agreement worth $10 million with the Tanzania Telecommunications Corporation Ltd. (TTLC), this time to plan a new cable infrastructure for four exchange areas in Dar es Salaam itself.[112] The job, completed three months ahead of schedule in 1996 and hailed as "a significant achievement on a two-year project," required the design, installation and testing of all transmission facilities between subscribers and switching centres. "More opportunities are currently under consideration," noted SaskTel's *Annual Report* for the year, "including sub-contracting work for two major telecommunications suppliers."[113]

That search for new business resulted in two more contracts with the African nation, valued respectively at $5.8 million and $8.2 million. The first, signed in 1998, was to provide a rural network in the remote Kagera area for the TTCL, on behalf of CIDA. The project was part of an international initiative "to rehabilitate the infrastructure and social services" in a region of the country where the telephone systems were either obsolete, badly congested or non- existent. "When SI is finished, there will be an entirely new network connecting the people of Kagera to one another and to the world beyond."[114] The second agreement, concluded in October 1999 with the Tanzania Railway Co., was to supply and install fibre-optic cable and transmission equipment along a critical railroad linking the major cities of Morogoro and Dodoma.[115] When finished, Tanzania would have access to swift and reliable telecommunications via a state-of-the-art BBN network between the capital and key cities in the remote interior.

But the Third World was not the only focus of SI's attention. On the contrary, the subsidiary actively cultivated business opportunities in the leading nations of the West, where competition was especially fierce. In 1991, for example, it installed and tested cellular radio sites throughout Canada and the United States under contract with NovAtel Communications of Alberta. It was subsequently engaged by Northern Telecom to commission leading-edge digital switching equipment at localities throughout the United States, and to install signaling networks on the island of Puerto Rico.[116]

Then in 1994, SI was approached by NorStar Telecommunications of Vancouver to form NST Network Services, a communications construction company. After careful examination, SI rejected the proposal as too risky. Believing the opportunity to be a good one, however, Fred Van Parys, SaskTel's president at the time, gave it to the corporation's Business Development Group to pursue.[117] Almost immediately, the newly formed construction firm won a multiyear contract from Ameritech, "one of the largest telecommunications companies in the world," to build a hybrid fibre-optics, co-axial cable network for delivering interactive video services to the Great Lakes region (including Chicago, Detroit and Columbus, Ohio) and the American Midwest. Estimates were that when completed, the system would serve approximately 6.5 million homes. Despite the contract and enthusiastic forecasts of success, the project was an unmitigated failure that cost SaskTel

$16 million before it cancelled its investment and pulled out of the whole venture. NST had suffered from basic structural problems from the beginning, which made it impossible to balance the company's cash-flow, let alone return a profit.[118] Noting, nevertheless, that analysts expected the construction of such hybrid networks "to become a major industry over the next decade," SI was determined to have "a piece of the action."[119]

Partly for that reason, SaskTel purchased a 35-percent equity interest in Saturn Communications Ltd. of Wellington, New Zealand, a growing CATV supplier that expanded in 1998 into the telecommunications field. Not only did this investment allow SI a vital competitive advantage in the Wellington market for pay TV, telephone and data services for consumers in one integrated package, it also gave access to a global market through another partner, United International Holdings of Denver, Colorado, a successful operator of CATV systems in 23 countries worldwide.[120] In 1999, however, SaskTel exchanged its 35 percent equity in Saturn for just under three percent ownership of a large new enterprise called Austar United Communications Ltd. In the process, the older New Zealand firm became a subsidiary of Austar, which offered pay TV, Internet and mobile resale services in Australia. Basing its estimates upon share values current at the time, management confidently predicted that the whole transaction would produce a $39 million gain for SaskTel—a 60-percent return on its original investment in just two years.[121] The truth is, however, that owing to the decrease in share values of this kind since 1998, that return has yet to be realized. In fact, SaskTel may only break even.

Otherwise contributing to SI's success in the numerous international business ventures outlined above was MARTENS®, the industry-leading telecommunications facilities management system developed by SaskTel. Regarded widely as the best software of its kind, and hence the industry standard for all such computerized databases,[122] this system economically managed every telecommunications facility that was required to serve customers. Furthermore, when used with SwitchGate®, an optional module of the MARTENS® program developed by MICA (the MARTENS® International Clients Assoc.), service representatives could activate new or advanced switch-based service features for customers from a simple desktop computer.[123] By 1993, six international clients had purchased the MARTENS® software, including three American companies, and by 1996 it was used by firms across North America to provide facilities for over three million customers.[124]

The MARTENS® technology was exported, as well, to the United Kingdom, where SI was already engaged in two projects "that offered the prospect of long-term financial benefits for SaskTel and valuable experience in the home entertainment industry."[125] One was to upgrade and manage a fibre-optic cable system at Skelmersdale in the county of Lancashire.[126] The other was a major joint venture with Fundy Cable of New Brunswick and John Laing plc, a long-established British construction firm, to build and operate CATV and telecommunications facilities in the cities of Leicester and Loughborough. During the six-year construction period, SI was responsible for providing management and technical expertise with assistance from a new company formed in 1993, 53 percent of which was SaskTel-owned.

Called LCL Cable Communications Ltd., its development "from the ground up" was entrusted to SI as the project manager.[127]

Expected to be a profitable business in its own right once the fledgling firm was fully operational, LCL was a very successful venture, first of all because it was a franchise. It was part of Prime Minister Margaret Thatcher's privatization of British Telecom, which included the introduction of competition and exemption from certain restrictions. Second, the business climate was ripe, because people were so angry with the former state-owned monopoly that they wanted a choice, especially one that offered state-of-the-art telecommunications at affordable prices, along with other small services that British Telecom had refused to provide. Third, the franchise was held by three very strong partners expert in their particular areas: Fundy Cable in television, SaskTel International in telephony, and John Laing in construction.[128]

Yet LCL's real significance for SaskTel lay in the additional experience and technologies it had to offer. These in turn could be applied effectively as convergence neared among computer, cable TV, content and telecommunications companies back in Canada.[129] In 1995, however, the Crown sold its interest in the venture. There was no intention to do so, explains Garry Simons. The fact was that through "luck and good management," SaskTel was offered a price it could not refuse. The transaction grossed $137.3 million for the company, four times its initial investment of $36.4 million. After operating losses and other expenses were subtracted, the final sum represented a net profit of $100.9 million, the largest gain in SaskTel's history.[130] "For a company which had a total equity base of $440 million," wrote former premier Allan Blakeney, "this [was] a substantial windfall."[131] The money was later used to pay down the Crown's debt.

Unquestionably, however, the most interesting and perhaps most important undertaking of SaskTel International during the 1990s related to the 53-kilometre Channel Tunnel, hailed widely as the largest construction project of the twentieth century. SI's involvement in the Anglo-French project began in 1990 with an initial contract to evaluate the communications facilities planned for the venture. A second agreement followed in 1991 to provide a detailed system and management analysis of the tunnel's data transmission network. Additionally, SI was to provide engineering assistance in the "implementation phase" of this aspect of the multi-national project. It also secured a third contract later the same year to install telecommunications facilities, signaling, control mechanisms and voice communications.

At the peak of its activity, 23 SaskTel engineers and technicians—noted for their expertise in digital technology and fibre optics—were on site, working inside the structure. When construction finally finished in 1994, the Channel Tunnel opened for business, capping four years of sustained effort.[132] In the process, SI's credibility and reputation skyrocketed, owing to the excellence of its work on the project. The subsidiary earned perhaps more credit that it rightly deserved, confesses Garry Simons, "but we'll take it anyway!" In fact, he laughs, "some people actually think we built the Chunnel, which is hardly our area of expertise." Nevertheless, this kind of recognition gave SI a high profile on the world stage for its ability.[133]

Looking back on these many international ventures, SaskTel's management explained in 1997 why the company had deemed it necessary to diversify its operations abroad:

> *Ask any small business owner or grain farmer... . If you trade in only one commodity or service, you will be vulnerable to every shift in the market. A large corporation such as SaskTel is no different – keeping your eggs all in one basket is unwise whether you are selling farm implements or telecommunications. Some prospects will lose and others will gain, but over the long haul diversification pays off.*[134]

Its folksy language aside, management noted that SaskTel was well suited to this kind of investment. Its restructuring in 1993 into subsidiaries and divisions that operated outside the traditional telephone business had proved increasingly profitable. This had helped further to offset the steady decline in long- distance revenues that dogged the decade. The financial strength gained through diversification also allowed the Crown to continue building and improving the public network, investing in research and development, and delivering state-of-the-art facilities to its customers. This could not be accomplished with income from core services alone in such a thinly populated province as Saskatchewan. Besides, the additional money earned could be poured back into social projects and community initiatives, apart from capital investments and network improvements.[135]

A final motive was that because the pace of technological development in the telecommunications industry was increasingly moderated by federal regulation in Canada, some information highway services and networks appeared elsewhere long before they could be offered domestically. "But that doesn't stop us," declared management defiantly, "from learning and profiting by sending our people and expertise to wherever we see the highway being built."[136] In fact, since 1986 SaskTel (through its international subsidiary) had provided telecommunications solutions to a wide variety of countries and companies around the world, including the Philippines (where SI maintained a permanent office), Tanzania, the United States, Great Britain, China, Belgium, Chile and New Zealand to name just a few. As a result, by 1999, 63 employees were posted abroad.[137]

In each case, however—especially those involving third-world countries—the subsidiary first ensured that there were no language problems, no problems with the legal or banking systems, and no problems with political instability prior to signing a contract. For the health and security of its employees were its first concern, followed by financial considerations and the need to turn a profit. The size of a particular venture was also a determining factor, and whether SaskTel had sufficient resources to complete the job. Consequently, SI has always been very selective with respect to its choice of projects and investments.[138]

The capstone of the subsidiary's success came in the final year of the decade when it was invited to deliver a presentation on rural telecommunications before the World Bank in Washington, DC. "While other companies may spend years lobbying for such an opportunity," boasted the Crown corporation,

> *SI was granted the invitation on the strength of its reputation as an authority on providing modern telecommunications networks in rural and remote serving areas. Lending development assistance to its client nations around the globe, the World Bank has recently placed a priority on bringing modern telecommunications to the developing world. SI is expecting that its new relationship with the World Bank will lead to future business opportunities.*[139]

Closer to home, SI has added a valuable new dimension to its parent corporation, making it much more cosmopolitan, much more outward-looking and much more worldly than it would have been had it remained strictly provincial in focus.[140] For one thing, SI has produced a salubrious effect on personnel, an enduring characteristic. Those who work abroad for the subsidiary become much more self-reliant, self-assured and prepared to take risks, because most jobs overseas require them to be self-sufficient in places where even basic services are non-existent.[141] These employees also gain a tremendous education on the job, bringing back new skills and fresh outlooks to SaskTel's advantage. "They are awfully good when they leave," boasts Garry Simons, "and are even better when they return."[142] Indeed, many in the upper echelons of management today have come from an SI background, because the experience of working abroad allowed their "talents and abilities ... to flourish in a way that being within the ... confines of SaskTel itself would never have allowed to happen."[143] SI's involvement in projects overseas has led, as well, to lucrative equity investments in Britain, New Zealand and Australia. Best of all, the revenues it generates for SaskTel, approximately $150 million since its formation, are earned outside the province at no expense to Saskatchewan residents.[144]

1996: A YEAR OF COMPETITION AND CONTENTION

Looking back, SaskTel had entered the 1990s "with a great deal of pride in its record of achievement on behalf of the people of Saskatchewan."[145] Throughout the decade, it had endeavoured to maintain that record of excellence by searching out fresh opportunities of benefit to its customers, which both prepared the province for the information age and positioned the corporation to grapple successfully with the strenuous demands placed on it by the rapid emergence of new relationships and dynamic forces that reshaped the entire telecommunications field during this period. Hence, SaskTel not only supplied advanced technologies for the advantage of Saskatchewan residents and business, but also applied these technologies "to sharpen its own focus on improving and enhancing its service to its customers."[146] This dual approach was especially crucial following the advent of competition in long distance across Canada on the heels of federal regulation in the mid-1980s. That had compelled the company to alter its customary ways of thinking, revise its corporate structure, and adopt an aggressive policy of expansion into other markets, in order to meet the emergence of new challenges and compete for consumer dollars better than its rivals.

But, noted management, the "winds of change that continue to sweep through the telecommunications industry are strong and persistent." New technologies and alterations in the regulatory framework throughout North America had led to increasing uncertainty regarding the future of an enterprise that "today is dominated by national and international influences."[147] For a company to remain successful under current conditions, they continued,

> *it must capitalize on its strengths and have a commitment to doing a better job than anyone else. SaskTel has distinguished itself as a world-class player in building and maintaining communications networks… . [W]ith a shared vision of purpose and a new organizational structure to get the most out of our human and technical resources, we will do more than simply meet customer expectations. We will make every possible effort to exceed them – with quality products and services that add value, personal service and dependability.*[148]

The governing principle of that self-imposed task was to develop and apply the Crown's strengths in ways that profited from emerging market opportunities, especially outside Saskatchewan.

To that end, management identified two major priorities. The first was to mould a market-oriented approach that focused on meeting consumer needs and anticipating demands. Recognizing that its future lay in the integrated solutions market, SaskTel had to begin building for growth opportunities in enhanced local services, data and integrated networking and information services, or risk losing both profitable new and existing markets to competitors.[149] The second priority was to reposition the corporation not just to lead, but to dominate the increasingly competitive marketplace. Its approach had to be "one of aggressively owning the customer by positioning as a *Total Solutions Provider*."[150] That required SaskTel to transform itself by the end of the decade into a radically different company as a "low-cost innovator"—a process launched in 1994 by management's strategic plan to improve product quality and responsiveness of service, together with superior variety, convenience, reliability and a "very competitive cost base." This scheme for success was to unfold over the next five years "of transition and growth," at the end of which time the public utility was expected to emerge as a more diversified, financially stronger and more firmly established market leader. Achieving these ends with their emphasis on customer satisfaction (management hoped) would also "provide financial security and corporate stability that will benefit all of Saskatchewan" in the long term.[151]

But these goals became particularly urgent after 1996, when long-distance competition was introduced fully into the province. Two years later, it would extend, as well, into the local access market. Faced with this political *fait accompli*, SaskTel put on a bold front, expressing its pleasure that "Saskatchewan people will begin to receive the choice of … service they have been asking for." Its policy was thus proactive, not simply reactive; the key was to adapt to different conditions *in advance* of CRTC regulation. The corporation claimed just as stoically, therefore, that since competition in other areas of business "has always been good for us, sharpening our marketing skills and re-focusing us on the customer," long-distance competition would be no different. "[F]or it will give us an opportunity to prove that our customers will stay with us because they want to be our customers and not simply because they have no alternative."[152]

Far more candid was management's frank acknowledgment that this turn of events would challenge the traditional ways in which the corporation had done business hitherto. Above all, it presented SaskTel with a sudden and persistent dilemma: how to meet its commitment to universal, provincewide service in an environment where new, outside competition was not bound by the same social goal.[153] Hence, rate-rebalancing came to occupy a major place in corporate planning. Because reducing expenses and increasing revenues through the more efficient application of resources were essential under the changed circumstances, cost-cutting became a priority. Subsidization of local basic service at current levels also came under serious question at this time. The day was fast approaching, in short, when SaskTel could no longer provide facilities at rates that did not reflect their actual expense. Accordingly, the corporation "must take action to move local rates closer to cost and reduce costs of service, in order to reverse this trend and reduce the local service subsidy to a sustainable level."[154] Admitted management, "the years ahead will demand of us grace and wisdom to pull off some fundamental rechanneling of resources."[155]

In this respect, at least, the corporation enjoyed a number of important advantages. For example, diversified revenue from the operations of SaskTel International and SaskTel Mobility continued to bolster the company's financial bottom line as it faced the steady erosion of its long-distance income. In fact, by the late 1990s an increasing portion of its revenue was derived from non-traditional sources, reducing the Crown's dependency on conventional telephone earnings. But as management also noted, diversification alone could not offset any substantial decline in that income, especially if the company maintained its current schedule of rates. Since freezing them in August 1993, SaskTel's local service charges had been the second lowest in Canada by as much as 16 to 26 percent. Meanwhile, its long-distance rates had been reduced by over 50 percent since 1990 (not including the effect of its various savings plans) just to stay competitive.[156]

Another advantage was the company's talented workforce. Yet even here, friction over recent contract negotiations had produced such strife that on 10 April 1996 the public utility experienced its first full-scale strike in its 89-year history. Responsibility for much of the dispute lay with former president Fred Van Parys (1993–1996). Lacking experience with Crown corporations, his conduct as CEO deeply alienated management and labour alike at a time when SaskTel's in-scope employees were increasingly anxious over wages, contracting-out and lay-offs on the eve of competition.

Like his predecessor Marcel Bernard, Van Parys had been hired away from a private-sector position as head of Laura Secord in Ontario partly, though not chiefly, to prepare the Saskatchewan Crown for the advent of federal regulation and competition.[157] Almost everyone agrees that he had a certain strategic vision with respect to the significance of Human Resources and marketing expertise in the looming competitive business environment. Van Parys further recognized SaskTel's need to adapt its old modes of behaviour as an established, patriarchal, traditional telephone company, in order to meet the multiple challenges created by an era of rapid technological change.[158] But he was unable to develop the interpersonal relationships that are essential for the smooth operation of any corporation.[159]

SaskTel Archives

Fred Van Parys, President, 1993–1996

Van Parys' approach lay at the centre of his difficulties. Although he talked about the core values of the company he now headed, he never embraced them. Nor did he ever fully identify with the culture of SaskTel or the province it served, which included his inability to work well with the union.[160] He had entered his new position genuinely believing that the corporation was woefully ill-prepared for the competitive marketplace, and in some respects he was correct. But in addressing this issue "he conveyed the impression to all the management team and to an awful lot of the employees, including leaders within the union, that as far as he was concerned ... SaskTel was pretty much a screw-up."[161] Worse still, by indicting the corporation as inadequate, Van Parys offended employee pride in the Crown, which has always been "fierce in its intensity," and gave the impression that the problems facing SaskTel were so grave that any attempt to resolve them was bound to fail. "Those were fighting words" for people who knew the company's long and successful history of tackling difficulties head-on, and who were confident that it could continue to do so.[162]

It did not help matters, meanwhile, that the new president flew to employee meetings at different venues, rather than drive, or simply sent a videotaped message in his place. Such actions produced a sense of artificiality that antagonized people at all levels of the corporation. The growth of ill-feeling was only increased when he hired a "change instigator," who walked around SaskTel offices notebook in hand, entering meetings uninvited, silently writing and watching everyone without contributing a word. Suspected widely of being Van Parys' spy, this person was viewed with equal measures of dread and loathing.[163] Very soon even the president's personal lifestyle came under attack, as employees resented his expensive house and weekly first-class flights "home" to Toronto.[164]

Thus by the end of his term in office, Fred Van Parys had garnered the enmity of virtually every member of SaskTel, from management to labour. As current president Donald Ching observes, to be CEO of such a company without having the support or confidence of any of its 4,000 employees is a recipe for disaster.[165] By December 1995, the Romanow government had reached the same conclusion. In what was essentially a confidence issue, it rejected the budget submitted by Van Parys, along with his highly unpopular "Re-engineering Project" designed to remedy all of SaskTel's problems by turning the corporation on its head.[166] Not only would the plan have been expensive to implement, it also reignited employee anxiety over the prospect of job loss because it called for lay-offs. This was unacceptable to the Board, given the corporation's social responsibilities as a Crown and its concern for labour relations.[167]

Van Parys resigned very shortly after the beginning of the new year; yet his presidency was not a complete failure. His attention to Human Resources in a company traditionally driven by industrial relations was both significant and laudable. For despite introducing a policy of Affirmative Action in the early 1980s, it was not until Van Parys' appointment that the company seriously began to address such issues as maternity leave and employment equity.[168] In these areas, SaskTel lagged well behind its counterparts elsewhere in Canada. In fact, Saskatchewan as a whole remains the only Canadian province without comprehensive pay-equity legislation for public employees.[169]

That said, there was still no avoiding the damage done to SaskTel's labour relations during Van Parys' presidency, whatever its individual merits. Nor did his resignation occur soon enough to avert the strike that followed just three months later. The walkout was supported by 68 percent of the corporation's unionized employees. "While SaskTel continually demands more and more of its workers," complained labour spokesman Ron Carlson, "they don't seem to understand that higher expectations of employees in terms of productivity and loyalty also requires compensation that at least keeps pace with inflation." That had not happened. Consequently, he asserted, the company's labour force had gone "from being among the highest paid telephone workers in the country to the lowest." Job security and the pension plan were particular points of contention.[170] It is interesting, muses corporate counsel John Meldrum, that the first of those two items was "such an issue in a company that still, to this day, has never laid-off a permanent employee."[171]

Although the dispute was settled just over five weeks later, and equanimity restored, neither side emerged as the clear victor. Technically speaking, the union had lost in the sense that its members returned to work without any substantial change to the company's original contract offer. But SaskTel had suffered, too. Its resources were strained to the fullest as management struggled to maintain operations for the duration of the walk-out. Hence, most people on both sides of the picket lines were glad to see an end to the quarrel, while there was little boasting by the "victors" over the result.

Nevertheless, like the labour flare-up a decade before, this one had its salutary effects, as well. Some improvements were made to the new collective agreement, including stronger language (though still no guarantee) as to job security. The pension issue was similarly addressed and partially resolved. Management also benefitted from the strike, for it learned a great deal about the company with respect to what was and was not going on.[172] Above all, it recognized that industrial relations—so badly impaired under Van Parys—needed constant improvement if these were to remain one of the Crown's competitive strengths.[173] Among its other strategic imperatives, therefore, was the Crown's avowed commitment to nurture "a culture where all employees are involved and empowered with a sense of ownership of the corporation allowing them to provide optimum levels of service, quality and productivity."[174]

That task was entrusted to Donald Ching, who was appointed as SaskTel's new president and CEO in the midst of the 1996 strike. As a former Deputy Minister of Labour, Executive Director of the GFO and President of the CIC under the Blakeney and Romanow governments, he was ideally qualified to assume the administrative responsibilities of the corporation. As the union's lawyer for 11 years during the Devine régime, he was equally well qualified to restore its damaged labour relations following the April walk-out. As a fervent advocate of SaskTel who understood its weaknesses, recognized its strengths and appreciated its future potential, Ching also had the vision to lead the company into the approaching era of competition, as well as the necessary skills from his eclectic background, sense of government and managerial experience to run it. "We have SaskTel [today]," asserts Howard Leeson, "because Don Ching has done such a good job of managing it in the broader sense of keeping a role for it [and] diversifying it, not just in the narrow sense of providing good service." Ching set out to demonstrate, in short, that the corporation could succeed as a publicly owned company in an era of federal regulation.[175]

Yet the Romanow government hesitated initially over the appointment, owing to Ching's close association with the premier as a personal friend and former law partner. Acutely sensitive to the issue of patronage, the NDP was keen to avoid the least whiff of scandal. For that reason, when the party came to power in 1991 it had moved cautiously, dismissing some high-profile Tory appointees, but otherwise leaving many key officials in place.[176] Fortunately for Romanow's government, Ching had all of the qualifications necessary to head SaskTel, whatever his political or personal affiliations, and he was duly appointed.

The new president acted swiftly to repair the harm done to labour relations by his immediate predecessor, restore employee morale and prepare the company for competition that was lurking just around the corner. On the advice of Fred Pomeroy, head of the national union in Toronto, Ching conducted 42 consecutive employee meetings around the province, where he identified what he viewed as the corporation's problems, discussed solutions and encouraged participation in the process of renewal. He called, in effect, upon the pride, skill and history of SaskTel to resolve its difficulties and succeed. That positive message, delivered face to face, was what demoralized employees wanted to hear. Then to reinforce it with action, Ching immediately tackled outstanding grievances over pay and promotion. To that end, he convinced management to offer the union a lump sum of approximately $15,000 to be divided among the various plaintiffs as the quickest and cheapest means of closing these cases without resort to arbitration—a far more costly and divisive process in the long run in terms not just of money, but also of establishing unwanted precedents.[177]

The new president began as well to share the company's annual business plans in detail with union leaders, who were invited to ask questions and offer criticisms. This reopened the lines of communication from management to labour, and drastically improved relations between the two groups. Finally, for those employees who had lost faith in SaskTel and wanted to leave after the strike, Ching announced a fresh set of early retirement and voluntary severance packages.[178] This measure had a double advantage. It removed those who did not like the increasingly competitive nature of the industry or were unable to adapt to it, while creating job opportunities for people who brought new skills and fresh attitudes that changed the old culture of the company. That enabled it, in turn, to introduce innovative services more quickly.

To restore confidence in management, meanwhile, Ching took a different tack. SaskTel was on the cusp of competition. For a company that had nearly 90 years of experience as a monopoly, to enter suddenly into the wide-open, free-wheeling competitive atmosphere characteristic of the telecommunications industry in the mid-1990s was a "startling change of affairs." To put aside the Crown's monopoly mentality in order to embrace competition and thrive within it was the largest issue Ching had to face. Coupled with that was the need to overcome the deeply entrenched "risk-adverse" attitude of SaskTel's management team, yet another legacy of Van Parys' presidency. According to Ching, the role of the CEO is not to encourage people to make mistakes. It is to encourage them not to be frightened of making mistakes and, perhaps more importantly, not to believe that their first error will end their career. That had been a major problem under the former president. Consequently, everyone had "studied things to death, hesitated to make mistakes," and avoided risks within a company now faced with an imminent transition from a monopoly utility to one "functioning in an incredibly volatile competitive marketplace."[179]

Ching's message for management, therefore, was that people must not be afraid of taking calculated risks, even if these failed in the end. That corporate ethos was difficult to introduce overnight, and the transformation is still ongoing. But as Ching clearly understood from the outset of his presidency, "It is important as a corporation that we be prepared to accept the fact that sometimes we are going to come up short and that we are going to fail. But that's no reason not to try, and it's certainly no reason to stop making decisions [or] ... reacting to problems that face us."[180] As a result of his managerial style, employees became much more prepared to take chances and to move forward. "Without a doubt," confesses Ching with considerable modesty, "of [all] the things I have been embroiled in since I have been here, the degree of success that we have had in making that transformation within the corporation ... is the biggest success that I have had."[181]

PREPARING FOR REGULATION: A TIME OF REFLECTION AND REEVALUATION

In addition to the full introduction of competition, the strike and the change of presidents, 1996 was a watershed for SaskTel in one more respect. Early that year, Bernie Wiens, the minister responsible for the Crown Investments Corporation under Premier Romanow, announced a review of Saskatchewan's public enterprises, "the most comprehensive ever to have been undertaken of Crown investments in this province."[182] With assets valued at approximately $7.7 billion and annual revenues of $2.8 billion, the government's 12 public corporations—together with its interest in 15 other major ventures—formed a significant component of the provincial economy. Their combined economic impact supported more than one-sixth of Saskatchewan's gross domestic product, and provided nearly one-tenth of all jobs in the province.[183]

Owing to limitations of time and money, however, not every enterprise could be assessed. The review focused instead on SaskTel, SaskEnergy, SaskPower, SGI, the Saskatchewan Transportation Company (STC) and six leading industrial projects in the CIC's investment portfolio. But the telecommunications utility was intended as the major object of scrutiny. Appointed to oversee the inquiry was the Provincial Action Committee on the Economy (PACE), co-chaired by Harold H. MacKay and Deputy Premier Dwain M. Lingenfelter in his double capacity as Minister of Economic Development. The motive for the review was simple: to chart an appropriate course of action for public enterprise into the next century that could "protect the investment of Saskatchewan people by helping the province and our Crown corporations prepare for the opportunities and challenges of the 1990s and beyond."[184]

The audit represented a sea-change in the government's attitude. The year following its election in 1991, the NDP had issued a major policy statement, entitled *Partnership for Renewal*, which had indicated its lost confidence "in the ability of the state to engage successfully in economic development activity." Ruling out the use of Crown corporations as a means to that end, the document had prescribed a different role for government "to facilitate and even broker partnerships between business and other groups considered likely to boost" the provincial economy.[185] Consequently, the NDP did not significantly expand the public enterprise sector during its first term in office, nor did it reverse the previous administration's privatization of various Crowns. On the contrary, it "pursued fiscal, economic and social policies that were often at odds with the party's social democratic traditions."[186] This included selling the government's remaining shares in SaskOil, the Potash Corporation of Saskatchewan, Cameco and the Lloydminster Heavy Oil up-grader, in all of which the Conservatives had retained an interest.

One of the great ironies of the transformation that occurred in provincial politics during the 1980s and 1990s was, therefore, that SaskTel had much more to fear with respect to privatization from Premier Roy Romanow, a "fiscal and economic pragmatist,"[187] than it ever had from his Tory predecessor Grant Devine. For Romanow flirted seriously with some form of privatization of the province's remaining public enterprises, and SaskTel was at the head of his list of possibilities.[188] This had nothing to do with ideology, but with pragmatism because of the huge debt inherited from the Conservatives. Romanow's other consideration was long-term.

Owing to the onset of competition, the global marketplace and rapid technological change, the accepted wisdom in some quarters (i.e., investment bankers and industry analysts) was that SaskTel, as a Crown corporation, could not adapt to the new environment and would fail, in the end, as a viable competitive business. That grim forecast led to considerable debate and discussion within government circles as to whether the utility should be sold. The premier agreed reluctantly that it should be in the belief that the province "would wind up with a 'valueless' entity down the line, and that [it] should cash in on that entity now [i.e., 1992], because of all the changes in the telecommunications world."[189] He was fearful, in short, that SaskTel would eventually stand alone as a Crown corporation, too small to complete in a volatile business environment. The sale never transpired, of course, no doubt because repeated polls demonstrated that the idea of selling the public plant was widely unpopular.[190]

The premier was not prevented, however, from exploring different approaches to SaskTel. The most intriguing emerged in winter 1995 from discussions between Donald Ching, then president of the CIC, and Rod McGilvry, a top executive with the firm of Nesbitt-Burns. The idea was conceived to approach the Conservative government of Gary Filmon in Manitoba with a view to merging SaskTel and MTS, but giving Regina 60 percent ownership of the combined entity. A similar arrangement would be made for Manitoba Hydro and SaskPower, in that case awarding overall direction to Winnipeg as majority shareholder. The double merger would also include certain restrictions on jobs, head office and so on, to be worked out later. The plan made great sense on a variety of levels, not the least of which was its practicality. SaskTel was a much stronger company than MTS and had built a public telecommunications system for Saskatchewan that was far superior to that of its sister province. Manitoba Hydro, on the other hand, produced plenty of cheap, clean power, where Saskatchewan generated electricity by coal, a major source of air pollution.[191]

Because the proposal was too large in scope to be handled at either an official's or a Board's level, Ching broached it with Roy Romanow, who was very receptive to the idea. As a western regionalist, the premier accepted that some tasks could be performed more efficiently on a regional basis; that is, there were certain undertakings that the western provinces could do better without aid from Ottawa or the private sector.[192]

Coincidentally, however, an editorial published in the Regina *Leader-Post* suggested almost exactly the same kind of merger on the argument that both western provinces should be more rational with respect to the administration of their Crown corporations. There was no leak to the newspaper; the editorial simply appeared at a point in time "by fortuitous chance" during the discussions between Romanow and Filmon. The Manitoba premier used it as an excuse, however, to halt the talks. Very shortly after, he announced his government's plan to privatize MTS. In all probability, though, he had proceeded far along that path before Romanow approached him with the double-merger scheme.[193]

At all events, the new audit authorized of Saskatchewan's Crown corporations by the Romanow government in 1996 unfolded in three phases. The first was a situational analysis of the histories, markets, technologies, regulatory environments and competitive situations associated with each Crown, together with their individual strengths, limitations and viability in a rapidly changing business and regulatory milieu. The second assessed their impact on the province's economic development, with particular stress on job creation and quality of life.[194] The third phase invited public discussion of corporate direction in years to come. For that purpose, TASC ("Talking About Saskatchewan Crowns"), a four-person subcommittee, was formed by PACE to conduct a series of town-hall meetings across the province, as well as to collect written submissions on relevant issues from individuals, business, labour and community organizations, special interest groups, and so on. Surprisingly, these forums really constituted the first attempt, observed the committee members, to inform the populace "in an engaging and meaningful way on how public investment is managed, the financial and economic performance of public investments and the current system of accountability."[195] This stage of the probe was to conclude with a conference on the future of social enterprise in Saskatchewan, hosted by TASC and the University of Regina at the end of the year, which was to be open to popular participation.[196] Ultimately, the government planned to fashion what it had learned from each phase of the audit into a comprehensive blueprint that could give strong direction to Saskatchewan's long-term economic future.

In its final report to the Legislature following the review process, the Crown Investments Corporation observed that public enterprise in Saskatchewan faced many new challenges on the eve of the next century. One of the most significant was that increased deregulation (or regulation in some cases) of essential services like telephones, electricity and gas, had ignited stiff competition and introduced a host of additional players into markets once served exclusively by Saskatchewan-owned utilities. The same three factors had limited, in turn, the provincial government's ability to use Crown corporations for public policy objectives and social programs, let alone for future economic growth and stability. It was essential, therefore, that the province and its family of Crowns adapt to the various challenges and opportunities presented by deregulation, competition and globalization, as well as international trade agreements between Ottawa and other countries (e.g., NAFTA), the acceleration of technological change and the surge in popular demand for new and better services.[197]

But adaptation should not occur at the expense of public enterprise. On the contrary, asserted TASC, although Saskatchewan citizens saw scope for reform under changing conditions, there was no evidence of popular support for extensive privatization.[198] The Crown corporations were a provincial trademark within Canada that had "a lot to do with Saskatchewan's uniqueness, its settlement history, and its community structure."[199] Their original purpose was to ensure that every resident had access to essential services, while stimulating economic development, employment and business opportunities at the same time. Certain social responsibilities thus formed a deeply entrenched part of their mandates from the very outset. Above all, government enterprise "gave Saskatchewan people a measure of control over their economy," keeping money at home and creating jobs.[200] Indeed, noted the subcommittee, there was a basic mistrust among the populace of providing utilities through private companies. "Crown corporations were clearly viewed as the best alternative" by Saskatchewan residents, who believed that any other option would result only in deteriorating facilities, higher rates and job losses. Hence, there was little support for privatization of any kind, expecially in the case of major public utilities.[201] To provide basic services, however, meant subsidizing the cost of facilities to rural areas, in particular.

Yet by 1996, some critics called that policy of universal access unrealistic, for it distorted the marketplace and the pricing of customer services.

Furthermore, in an age of competition for jobs and new industry, "it would not be a good signal to the rest of Canada and the world at large that Saskatchewan intended to keep restrictive telecommunications regulation as a means of maintaining traditional patterns of cross-subsidy."[202] But the sources of cross-subsidy were threatened with extinction anyway, because they "would be competed away where there is deregulation and new industry."[203]

What these critics forgot, of course, was that in a province like Saskatchewan, with a small and widely dispersed population, market-driven companies would never have provided the same level of service made available by public utilities, because there was no profit in it.[204] The task had fallen by default to public enterprise. In that case, argued other critics, Crown activities should be confined in future to the provision of essential services within provincial boundaries. Besides, they objected, pursuing business outside Saskatchewan would subject the corporations (and the taxpayers who sustained them) to more financial and legal risks than at present. Questions also arose over the suitability of their structures for national or international competition. Under the circumstances, privatization was a policy option for maintaining a productive economy "that any intelligent government would want to consider in the modern world."[205] What these detractors failed to recognize, however, was that the Saskatchewan marketplace was simply too small to provide public enterprise with the economies of scale needed to survive, let alone sustain current levels of service. The Crowns had no choice, therefore, but to expand. As for their alleged inability to compete in larger markets, the success of SaskTel International was the perfect retort.[206]

Hence, the real concern behind the government's inquiry in 1996 was whether Saskatchewan could continue to manage its family of Crown corporations as before, given the rapidly changing business environment. Unlike the private sector, which was beset with many of the same problems posed by deregulation, technological innovation, free trade and globalization, the province's public enterprises had both commercial and social policy objectives to fulfill. From a commercial perspective, the Crowns were expected to make a profit and return a reasonable dividend to their shareholders, the people of Saskatchewan. After all, a primary goal of the 1944 enabling legislation had been to create organizations that operated more like businesses than government departments, in order to make a return on investments and regulate particular industries. Yet from a public policy perspective, the Crowns also had to make decisions that often reflected greater concern with matters of economic or social development than good business, because of the extra costs involved. This required striking an equilibrium between two objectives —earning a profit and meeting social objectives—that were sometimes contradictory.[207]

Consequently, public corporations neither could nor should be measured only by their profitability like privately owned businesses. Of necessity, any meaningful evaluation had to address how well they achieved the specific objectives associated with their corporate mandates, too. In that case, society could judge whether a particular service ought to be provided at a reasonable rate to a certain group of people, even if no profit could be made or a subsidy were required. By doing so, "society moves away from looking at the world in purely individualist, market-oriented terms," which translated into practice meant the transfer of costs from one part of the community to another—that is, cross-subsidization of services.[208]

But this scenario was complicated by two impending factors. One was the recognition that deregulation (or regulation) would make it more difficult to implement a traditional policy of cross-subsidization. Privately owned utilities would naturally concentrate their business in lucrative urban markets, while industrial customers would be tempted to seek lower rates from external suppliers.[209] The second factor was the growing demand for more government accountability and close scrutiny of Crown actions and decisions at a time when the changing business environment demanded that they become more efficient. This was achieved in part by building markets outside the province. To that extent, their independence and freedom to compete effectively in the business world needed "to be balanced with proper controls, including a system that provides accountability to the people of Saskatchewan."[210]

The fact remains, however, that during the 1990s public enterprise in this prairie province and across Canada confronted a host of new difficulties created by the new market forces, starting with competition and regulation, that utterly transformed the playing field.[211] Ultimately at issue was whether publicly owned utilities should make profits that could be used either for the capital expansion of less commercial government enterprises, or for health care, social programs and other services. "The answer to this question," writes historian James M. Pitsula, "goes to the heart of what a Crown corporation is capable of doing."[212] That evoked a need, in particular, to separate the policy objectives of public enterprise from its role as a policy instrument, the two having become fused over time. Only then could the validity of the objective be reviewed, and the capacity of the instrument reevaluated to achieve that objective in the most cost-effective manner.[213] Although the comprehensive review of 1996 urged that if Saskatchewan corporations were to survive in a changing business milieu, they must behave more like private companies in responding to market forces, it also concluded that the Crowns were generally well run and financially viable. The findings further indicated that by effecting a few internal structural modifications in most cases, the corporations could easily continue as public enterprises and successfully meet any current or future challenges that arose.[214]

At the moment, however, those challenges were most pronounced in the telecommunications industry, which had already experienced numerous regulatory changes with more to come. These had prompted the privatization of many government-owned systems in western Canada and across the United States. In 1990, for example, the Telus Corporation was formed from AGT to replace provincial ownership of the telephone plant in Alberta. In 1996 a similar bill to privatize MTS through a public share offering was passed in the Manitoba legislature. As a result, predicted one report, "SaskTel will soon be the only government-owned major telephone company in North America."[215] The reason for this was related directly to the utility's inherent strengths. According to Deloitte & Touche, the chartered accounting firm retained to handle this portion of the Crown corporation review:

> *SaskTel is well positioned in the industry in terms of its capital structure and its ability to generate sufficient funds internally to fund its capital expenditure programme. This financial strength will benefit the corporation by increasing its flexibility to react to its increasingly competitive operating environment.*[216]

In fact, assessments of the telecommunications corporation, now the fourth largest of its kind in the country, were generally laudatory. It had built and maintained a provincewide network – the first in Canada and one of the earliest on the continent to go all-digital – that linked Saskatchewan's 12 cities, more than 670 smaller communities, and their surrounding rural areas, including over 70,000 farms. The system also operated more than 607,000 network access lines throughout the province, while its workforce of almost 3,900 employees provided service to approximately 450,000 business and residential customers. SaskTel was, in brief, the leading full-service telecommunications provider in Saskatchewan, supplying voice, data, Internet, text and managing facilities. It also delivered cellular, paging, call-forwarding and related services through its SaskTel Mobility division. The corporation's other major subsidiary, SaskTel International, was engaged in business ventures around the globe.[217] All things considered, the Crown was neither a technological nor a business cripple.[218] Perhaps better than any other provincially owned company, therefore, SaskTel fulfilled popular expectations expressed at more than one town-hall meeting during the review process that:

> *Our Crowns should sell Saskatchewan – that is, aggressively market our talents and technology, not only within our province but across Canada and abroad. Public corporations should be allowed to compete against the private sector. It has never been proven that public corporations are inferior to private.*[219]

Nevertheless, the telecommunications market in Saskatchewan had changed dramatically since the mid-1980s, with the introduction of long-distance competition as a result of federal regulation and the entry of facilities-based carriers and so-called "rebillers." The latter were companies that purchased bulk long-distance service from a carrier like SaskTel, and then "rebilled" the service to other business and residential customers.[220] Though many industry analysts acknowledged that lower toll rates and savings plans already generated additional increases in total long-distance minutes among consumers, these experts also warned that the actual revenue per minute would continue to fall. Under the circumstances, they asked, how much longer could SaskTel subsidize some of its facilities through long-distance earnings, regardless of the fact that most residents believed cross-subsidization to be an appropriate policy for public utilities like telephones?[221]

Some observers had begun to raise similar questions about the corporation's long-term viability as a leader in telecommunications technology.[222] Technological risk was, after all, a major issue facing SaskTel "that needs to be addressed,"[223] especially given the new forms of competition which were expected in virtually all of the Crown's markets over the next few years. By 1998 or early 1999, for example, Saskatchewan residents would have the choice of local service providers, including cable TV, though SaskTel also would be eligible to compete in the broadcasting industry. At the same time, competition in Internet and electronic media markets—an area of promising and important growth for the public utility—would include traditional service providers, systems integrators (who supplied customized solutions to business customers) and growing numbers of intermediaries between buyers and sellers. Nor would subsidiaries like SaskTel Mobility remain immune from the emergence of business rivals in such fields as cellular resale.[224] Under the circumstances, suggested some analysts, it would be better to privatize SaskTel at once for the simple reason that it "may be worth much more now than it would be in the future"[225]—an idea that already haunted Premier Romanow.

Complicating the corporation's current position, meanwhile, was its mandate to advance social policy objectives that helped "to shape the society we live in by sharing the benefits of our success with the community" and assisting activities and organizations "which foster community vitality."[226] In 1996 alone, SaskTel supported 375 public events across the province through its corporate sponsorship program (est. 1983), at a total cost of $575,000.[227] It also formed partnerships with the Federation of Saskatchewan Indian Nations to train and hire First Nations people, and Women in Trades and Technology to encourage young women to enter careers in both fields. The Crown further gave a 50-percent matching contribution of $100,000 to TelCare, its employee benefit fund, which had raised $200,000 on its own in aid of 140 community activities the same year.

The Saskatchewan chapter of the Telephone Pioneers of America—more than 3,600 members strong—had similarly donated both time and money, raising $280,000 in 1996 and lending 48,000 volunteer hours to nearly 100 community projects. In addition, its talented membership of retired engineers, technicians and so forth designed a variety of specialized devices for people who suffer from particular disabilities. One such item was an indicator for pouring liquids. Consisting of a small pillbox, battery and tiny alarm, it allowed the blind to measure the level of liquid in a glass to prevent overflowing. The Pioneers also created a softball that contained a small beeper. This permitted the visually impaired to play the game, by letting them know when to swing the bat as they heard the ball approach home plate. Yet another product of the Pioneers' fertile imagination was a "talking dog" that therapists used for emotionally disturbed children who would speak to a toy animal if not to adults.[228]

But with a few additions that reflected the changing times, SaskTel's principal social mandate still remained the provision of universal, essential services to the people of Saskatchewan via subsidized, affordable, local telephone access; individual line service to every customer in the province, General Mobile Telephone facilities in remote northern areas without regular telephone connections, aid to Saskatchewan-based research and development in advanced technology, and provincewide toll-free Internet access. At the same time, the telecommunications utility was required to operate efficiently and competitively, while providing a reasonable return on public investment.[229]

SaskTel believed that its commitment to advancing social and economic policies based on community values was a "key competitive differentiation which will distinguish the corporation from current and future competitors."

It was also good policy. In the 1980s, noted the Board of Directors with a touch of cynicism, the company had "generally maintained a low profile for its corporate giving, largely because increased public recognition was likely to generate increased requests." In 1994, however, this attitude shifted with SaskTel's new strategic vision and its competitive environment. Thereafter, each corporate contribution was researched and appropriate recognition for the company negotiated in advance. The attention sought for donations, admitted the Board, was "determined by the amount and kind of contribution, and the type of event or activity being supported."[230]

But the independent consultants who compiled the government review of 1996 did not necessarily agree with the corporation's advocation of public policy objectives. The impact of competition, they argued, combined with the prospect of CRTC regulation starting in 1998, "may affect SaskTel's ability to balance its public policy objectives with its commercial goals."[231] This situation was rendered still more complex by the federal contribution régime adopted by the corporation in 1996, according to which it could not charge higher rates than in the rest of Canada. Part of this was the additional need to permit long-distance tolls to fall in relation to those charged in the rest of the country. Already owing to the economic shortfall in the provision of universal service as a result of the steady decline in long-distance revenues since 1990 and the rate-freeze introduced three years later, it was apparent that the current price for local access in Saskatchewan had to be adjusted to reduce the level of cross- subsidization. But it was not yet clear by how much.[232]

Meanwhile, the convergence of the content, computer and communications industries had begun to challenge the corporation's original mandate to provide traditional telephone facilities.[233] Aggressive competition on all fronts, the further erosion of margins in traditional telecommunications services, globalization, regulation and the likelihood of local access competition in the very near future were additional threats to SaskTel's usual operations.[234] So, potentially, were rapid advances in technology. In the wireless field alone, there was a broad range of new facilities on the horizon, including Personal Communications Service (or PCS, a personal phone that was always available to the user), wireless cable TV, wireless networks and enhanced cellular telephone service, such as digital systems and improved radio networks for company auto fleets. While customers had benefitted from the wider range of facilities on the market and the steady reduction of long-distance tolls that followed in their wake, rates for local service had been increased in many jurisdictions (though not Saskatchewan) to reflect more closely the cost of delivering service.[235]

Finally, there was SaskTel's overdependence on a relatively small number of firms for the largest portion of its revenues, which could result in "cherry-picking" by industry rivals. That was a practice whereby private companies operated only in more profitable markets located in urban centres, with their large industrial and business customers, and ignored the provision of utilities in places that offered little or no return on investments. The potential for this problem was particularly severe in Saskatchewan. Owing to the scattered population, in 1996 SaskTel had just 3.58 customers per kilometre of line in the province, compared to the Canadian average of 13.6.[236] To address these assorted perils meant anticipating changes in the telecommunications industry over the long term, gauging the impact of competition, assessing the effect on the market of subsidization of local rates by long-distance charges, enlarging capital expenditures for system upgrades, and above all, becoming still more efficient and aggressive in pursuing business opportunities outside the province, in order to sustain current levels of cross-subsidization.[237]

The most essential difficulties facing SaskTel on the eve of the next century, however, related to its original mandate. One was the "high imbedded cost" of providing universal service in a sparsely populated province. Another was the corporation's high contribution rate (or local access deficit) in comparison with other Canadian telecommunications companies. The third was its limited potential to acquire new customers in its domestic market.[238] Yet the Crown-owned utility enjoyed a number of significant advantages, too. It possessed a strong brand name that was both dominant in the home market and trusted by the Saskatchewan people, regulatory flexibility, and "an excellent telecommunications infrastructure with the shortest depreciation schedules in the Canadian industry."[239]

In addition, the corporation scored well against the benchmarks used to assess a telecommunication company's financial strength. Owing to a healthy capital structure, SaskTel consistently performed at, or above, the industry's average with respect to its return on assets, while it paid for capital expenditures just as consistently with internally generated funds. The corporation's cash-flow-to-debt ratio, and its debt-to-capital ratio, were similarly among the strongest in the Canadian telecommunications business. Much of this was owing to the diversification of its revenue base through SaskTel Mobility, SaskTel International and other divisions, which had earned the corporation a global reputation for excellence. This was enhanced, finally, by the Crown's active involvement in the Stentor alliance that brought many research, development and marketing advantages. Chief among these was the opening of additional windows to the wider Canadian market, as well as to the world, though this involved certain trade-offs, such as less control and autonomy over some aspects of the corporation's day-to-day operations.[240] The government- owned utility's financial strength, popularity, infrastructure and strategic alliances, in other words, lent it the flexibility it needed to prepare for increased competition. So did its demonstrable technological innovativeness, as one of the few companies in North America to provide all-digital, privateline service to its customers.[241]

Thus under the circumstances, concluded the assessment on a very positive note, SaskTel actually had more to gain than to lose from CRTC regulation, provided that it acted wisely. For one thing, regulation offered a real potential to enter fresh markets and develop new products and services within Saskatchewan, in competition with its industry rivals. The Crown was also well positioned to benefit from the increasing convergence of electronic services (e.g., cable TV, Internet, long-distance and local access), given the sophistication of the provincially owned all-digital network and SaskTel's own status as a leader in technological innovation.

Already its telecommunications infrastructure had made Saskatchewan a prime location for establishing call centres with their potential to generate millions of calls a year and additional revenues for SaskTel.[39] These centres served a variety of functions, such as sales, customer inquiries, credit services, collections and trouble (611) answering. So unlike its penny-wise rivals, which elected to reduce customer-facing-staff complements in the face of competition, SaskTel increased opportunities for customers to meet employees and service representatives face to face. This helps to explain why the Saskatchewan Crown's market share in most lines of business leads the telecommunications industry in Canada today, despite earlier predictions to the contrary. The ongoing pursuit of international "diversification opportunities," coupled with a similar diversification of product mix and facilities, would open still more markets for the corporation as a means of increasing its revenue base. Much of this was achievable, meanwhile, through the careful cultivation of external partnerships, at which SaskTel had proved itself to be very adept in previous years.[40] In short, the company's business prognosis on the threshold of the next millennium was strong and likely to remain so.

EPILOGUE

A VIEW TO THE FUTURE

IN 1908, WALTER SCOTT AND HIS LIBERAL ADMINISTRATION envisaged a telephone system for Saskatchewan that connected all settled portions of the brand-new province by means of a government-owned network—one that also linked farms and municipalities via rural lines built locally with public aid in the form of free telephone poles and technological advice. The whole system was to be supervised and controlled by a government department as to rates and service quality. Because of its unique ability to conquer time and space in a world that was still largely dependent on the horse, the telephone was seen as a potential means, along with railways and good roads, to overcome the early homesteaders' customary isolation by putting them directly in touch with the towns where they sold their grain, bought their goods and formed their social relationships. That novel device was, in other words, the ideal vehicle by which to fashion out of the raw fabric of a sparse and widely dispersed population an organized, integrated and identifiable community able to sustain itself, using one of the most revolutionary technological innovations of the modern age.

The problem was that private enterprises like the great Bell Corporation were fundamentally unwilling to provide a utility which, though considered necessary by the rural community in particular, they viewed as impossibly expensive and unprofitable. Hence, "through little choice of [their] own" Saskatchewan's first premier and his ministry "found it incumbent upon [themselves] to form a policy that would bring telephone service" to the whole province and not just its few urban centres.[1] But their approach to the issue was both cautious, while the defining principles of the system they proposed were the rapid extension of service and financial solvency. Within that loose framework of policy, the telephone enterprise asserted a considerable degree of autonomy to follow the industry's lead in its operations, sometimes beyond cabinet control.[2]

Yet little could Walter Scott and his Liberal administration have foreseen into what the early telephone department or the provincial network that they had inaugurated would grow over the next nine decades. Just as the Saskatchewan road system had evolved from crude mud trails early in the twentieth century into modern, all-weather highways, boasted SaskTel in

1985, two years after its 75th anniversary, "so too has the province's telecommunications network evolved from bare copper wire strung on wooden poles to sophisticated fibre optic transmission links." Also like the highway system, the provincial plant was

> *continually expanded and improved over the years to meet changing needs. The early roads carried horse-drawn buggies and wagons; turn-of-the-century steel and copper strands carried only voices. Today's super highways transport high-powered family cars and huge semi-trailers; the telecommunications system delivers computer information and television pictures alongside telephone conversations.*[3]

For Premier Scott and his contemporaries, this was the stuff of science fiction – not scientific reality – along with nuclear fission, space travel and men walking on the moon.

But the highway and telecommunications systems were similar in another way. Equally extensive because of Saskatchewan's huge geographic area and scattered population, "they connect virtually everyone in the province, allowing residents to keep in touch by person or by phone." So whatever else had changed since 1908 in terms of technological innovation, business practice or regulatory procedure, that commitment to universal long-distance and local service at affordable rates over a government-owned network had remained unaltered. Moreover, even before 1998 the same service interconnected with similar national and international carriers that could be used twenty-four hours a day, every day of the year.[4]

Thus nine decades after its foundation, the telephone system launched by the political policy of Saskatchewan's first premier and his government – a policy initially criticized by former Bell employee T. Ahern as Scott's folly, "a hare-brained plan" – had grown from a simple network valued at a few thousand dollars and employing a handful of people into an elaborate infrastructure worth over $1 billion, equipped with some of the world's most sophisticated technologies and operated by 4,200 employees. In 1908, there was a single telephone for every 92 provincial residents; a minute-long call from Saskatoon to Regina cost about 80¢ (a considerable sum in those days); and "telephone girls" were paid $30 per month in salary. Ninety years later, Saskatchewan boasted better than one telephone for every two of its citizens; a one-minute call from Saskatoon to Regina at evening and weekend rates cost as little as 10¢ (a negligible sum in modern times); and operators earned the monthly wage of their turn-of-the-century counterparts in less than half a day's work.[5]

In the meantime, SaskTel had similarly matured into a major leader in the Canadian telecommunications industry "that every day carries a world of information into the households of this province."[6] Operating in a fully competitive local and long-distance marketplace by the year 2000, it delivered an entire range of products and services across Saskatchewan. It also brought the latest and best communications facilities to consumers at rates that were among the lowest in the nation.[7] The Crown corporation shouldered, at the same time, "its share of the responsibility to sustain the integrity and well-being of the community it services." After all, warned SaskTel's President and CEO Donald Ching in 1997, "a communications company that abandons this regard for its community has forfeited any claim upon the allegiance of its customers."[8]

Meeting that social obligation in more recent times has required, however, careful investment outside the corporation, the inauguration of new programs, the expansion of existing services, prudent management, financial solvency and diversification of business. Careful attention to each of these facets has further strengthened an already well-established provincial telecommunications network and assured a healthy balance sheet. Both items have allowed SaskTel to deliver the most advanced, up-to-date and affordable media-rich communications technologies on the eve of the next millennium. Close heed to the same three basic areas—structural, technological and financial—ensured, moreover, that the public utility was well positioned to continue fulfilling "the loftiest aspirations of [its] corporate vision, in particular '[its] commitment to social responsibility and good citizenship'."[9]

Yet looking ahead, continued Ching, SaskTel's ultimate success in confronting the multiple and complex market pressures that had emerged during the 1990s to shape so many of its recent policies, would determine the company's ability to introduce new information and technological services in future, or prepare the provincial plant for the band-width services of coming years. "For this reason," he advised, "it would be a mistake to stand at the sidelines watching others race to become the most wired nation, province, corporation or community."[10] One lesson SaskTel had learned already from a decade of experience in this regard was that competition was, in fact, good for business. Fearing initially, for example, that any reduction of long-distance rates in advance of competition would cause a sharp decline in revenues, the corporation had discovered to its relief that the lower tariffs actually stimulated consumers to make more and longer telephone calls. That, in turn, had increased long-distance minutes overall, which helped to compensate for the drop in earnings per individual minute.

Pleased with this result, Sasktel steadily abandoned its former "scarcity mindset"—the belief that "more for our competitors means less for us"—in favour of an "abundance mindset," which argues that "more for others means more for us."[11] As if to reinforce this point, in February 1998 the corporation announced further reductions in long-distance toll charges for thousands of customers. A confident Board of Directors even went so far as to affirm its support for competition at the local level which, declared the provincial government the previous November, was to come into effect on 1 April.[12] At the same time, there improvements were made in residential and business savings plans and the expansion of local calling options in 82 of Saskatchewan's rural exchanges.

The most significant and controversial of the various service initiatives was the reorganization of the province's 292 exchange area boundaries, within which calling was "free", to improve the value of local telephone service for over 93,000 rural subscribers. Investigation and analysis in 1997 revealed that under the existing structure, inherited with little alteration from the decades- old system of small locally owned telephone companies, serious inequities existed owing to changes in Saskatchewan's economy and continuous rural depopulation. This meant that in many exchange areas, some with only 50 numbers, customers were forced to use more long distance to meet their needs. That had been a festering, emotional issue for some time. It was not without trepidation, however, that between 1997 and 1999 SaskTel undertook a two-phase Exchange Area Boundary (EAB) program—combined with a new flat-rate, long-distance package—to rectify these discrepancies. Corporate anxiety was rooted in the manageability of the project and its affordability. The EAB program was, moreover, an extremely sensitive business and political issue, the components of which had to be presented to the government. At all events, through a process of amalgamation the total number of EABs was reduced by 30 percent to 189, with an average customer base of 712 each. This was one of the company's great success stories of the late 1990s.

Of course, ridding itself of long-cherished attitudes toward monopoly and competition did not mean that SaskTel would stand idly by as other service providers took away its customers. An abundance point of view, admonished Donald Ching, was "not an argument for allowing any corporation, large or small, to enter the long distance or local access marketplace and skim off the cream of profitability without making a significant commitment and contribution to the province as a whole."[13] Obviously, the government-owned utility needed to remain competitive by focusing on the services and value it provided to satisfy consumer needs. For that purpose, in early 1998 it launched a broad, multi-faceted campaign that was part business positioning plan over the long run, and part "winback blitz" in the short term, which aimed to recover former customers from SaskTel's competitors.[14]

The corporation's strategy in previous years, on which the new campaign was based, had already met with considerable success. To combat the stress laid on the cost of service by industry rivals in both the long-distance and local-access markets, the earlier approach had "placed a strong emphasis on total value competitive prices, savings and savings plans, while ensuring [that] customers know the total savings and value they get from SaskTel."[15] In fact, noted the Board of Directors, national polling in the period between 1996 and 1998 had consistently shown that only a small percentage of business customers either viewed competitors as having lower prices, or believed that the Saskatchewan utility's prices were not competitive. To hammer home this point, SaskTel had increased the number of "contact activities" (e.g., face-to-face visits in the medium business market, direct mail, radio and television spots, advertising and telemarketing). These activities had effectively delivered the company's message, especially in the commercial sector, that it was better qualified than any other carrier in the province to provide total business solutions for telecommunications needs.

In 1998, assured the Board, SaskTel would continue to build on the momentum created by its campaign strategy in previous years,

> *with more proof of the promise we have made of being competitive and accountable, listening and responding to our business customers' needs. All planned activities throughout 1998 will support these main messages, highlighting total solutions (including price competitiveness), service delivery, [and] strengthening our customer relationships while supporting product sales in key areas.*[16]

A large portion of SaskTel's new plan involved a marketing and publicity blitz, which was to include a series of televised commercials "featuring highly satisfied customers and enthusiastic employees." Targeted specifically at Saskatchewan residents, the advertisements featured aerial shots of provincial scenes and used real people to deliver the message.[17] That approach, unveiled initially in November 1996, promised excellent results.[18] The corporation similarly revitalized its successful "Call, Call, Call" campaign, also launched for the first time in 1996, by using on-screen personalities singing a fresh version of the now familiar tune. Variations of the same theme were to appear in radio broadcasts, newspaper advertisements and bill inserts, as well as on billboards and even over the Internet. A "weekly winback package," designed and introduced two years earlier, was also given a new look. For broadcast purposes, this included the faces of Customer Service employees used in television testimonials aired previously in spring 1997, in order to "carry some familiarity across the province." Behind them would appear a map of Saskatchewan "to subtly reinforce the 'local company you can trust' message."[19]

The corporation took great care, in the meantime, to ensure that this widespread publicity was reinforced by real service offerings. Of little value, after all, were words unaccompanied by action. Hence, a "SaskTel Rewards Statement" was developed in January 1998 for distribution among customers whose total monthly spending on long-distance was $50 or higher. To this insert was added a short newsletter outlining the Real Plus Savings plan enhancements, in addition to changes in the company's various international, Internet and cellular telephone services. Then to position the public utility as the provincial leader in competitive long-distance pricing especially, the communications theme "30% savings is like getting 3 months free" formed a major basis of the new advertising campaign. This highlighted such items as "Supersaver Weekends," which allowed customers to call overseas at significantly reduced rates all day Saturday and Sunday during the month of January.[20]

Nor did SaskTel forget to burnish its public relations image at the same time by sponsoring such events as the Canadian Western Agribition in November 1997, "An Evening of Gershwin" (played by the Regina Symphony Orchestra) in January 1998, the SaskTel Mobility Cup hosted the same month at Yorkton, or the SaskTel WHL All-Star Classic held concurrently at Regina. The corporation's high-profile support of the Winter Olympics in Japan the following February was particularly visible. Its program ranged widely, from the organization of a Youth Olympic Challenge Program (whereby young athletes visited Saskatchewan schools at corporate expense to share their Olympic dreams) and the creation of a special 1-888 number for provincial residents to call Team Canada in Japan with messages of good luck, to SaskTel products bearing the Games' official logo.[21]

Through it all, the company backed its media promotion with genuine commitment to the community. As a result, the total dollar amount contributed to Saskatchewan organizations by the company, its employees and retirees in 1998 was $1.6 million, not including a one-time donation of $2 million to the Regina General Hospital and Saskatoon City Hospital for the purchase of two Magnetic Resonance Imaging (MRI) units. This contribution, made in celebration of the telephone utility's 90th anniversary, helped to provide provincial residents with improved access to advanced diagnostic equipment. It was also a gesture of gratitude for subscriber loyalty to the provincial system over the past nine decades, and particularly in the present climate of competition. "We have never taken that loyalty for granted," affirmed management, adding a promise to continue earning its customer allegiance "with unmatched service, products and value."[22]

Perpetually haunting the background during the closing years of the twentieth century, meanwhile, was the spectre of federal regulation. In fact, SaskTel faced a "flurry of activity" in late December 1997, as a coalition of competitors launched an intensive public campaign for CRTC control of the corporation after its moratorium expired the following year. Central to the attack was an allegation that the government-owned utility had earned far more revenue than it might have done since 1992, had it been subject to federal regulation. The claim, in other words, was "that residents had paid more than they should for local service."[23]

SaskTel protested strongly in its own defence, pointing out its thin equity during a large portion of the period under question. Ultimately, argued management, the telecommunications marketplace in the province was unique and therefore deserving of specific care and consideration with respect to matters of regulation and competitive fairness.[24] "Our view was that the revenue settlement plan and our transiting long distance business contributed to the earnings [during these controversial years] as opposed to overcharging for local service." The result was a victory for SaskTel. The coalition arguments "simply did not hang together and their attack quickly blew over."[25]

In the meantime, the corporation grew increasingly concerned about the approaching expiration date of its moratorium, which it wanted to renew, and the objections currently raised by Industry Canada over the company's continued exemption. That federal agency, which was responsible for telecommunications in the country under the 1992 Act, adamantly opposed SaskTel's exceptional status. It worked diligently, therefore, to ensure that the moratorium was not renewed. It was under heavy pressure, besides, from industry competitors intent on having one set of rules for Canada, on the specious argument that SaskTel's exemption constituted "the Balkanization of telecommunications in Canada."[26]

SaskTel's counter strategy was to deflect debate away from questions over why the moratorium could run afoul of the telecommunications business if sustained, and toward forcing Industry Canada to explain what was wrong with Saskatchewan's proposal to extend it. This time, however, the provincial utility was less successful. So far, confessed the Board of Directors in February 1998, "Industry Canada has been able to totally ignore the Saskatchewan offer and instead simply throws up road blocks as to why SaskTel cannot remain outside the ambit of CRTC regulation."[27] At least one bright spot glimmered on the horizon. Since 1996 the federal agency had retreated considerably from regulating long distance, though it continued to oversee basic toll rates for the protection of consumers in rural and remote areas of the country where competitive services were unavailable. That was considered an important triumph for SaskTel and the other major Canadian carriers, "since they will now be on an equal footing with industry rivals."[28]

With difficulty, Roy Romanow managed to procure a two-year extension of SaskTel's exemption from federal control, until June 2000. Only then would the Saskatchewan Crown come fully under CRTC regulation. SaskTel used the additional respite from federal regulation to prepare itself further for competition.

Thus from its vantage point in 1998, the Crown corporation looked forward to the next millennium with anticipation, not foreboding. To be sure, some old problems still lingered unresolved, while new ones had emerged to join them. In the Saskatchewan government's final local competition policy, for example, the creation of a central subsidy fund for provinces with rural and remote customers, and the roll-out of local number portability (whereby customers retained their old telephone number when switching to a competitor) were matters as yet unaddressed. Also outstanding were technical issues of inside wire, directory services and development of mechanisms to recover the costs of local competition.[29]

Added to such issues that related more specifically to the provincial market were those that affected the industry as a whole on the national level. Owing, for instance, to the proliferation of cellular telephones, pagers, fax machines, alarm systems, residential and business extensions and Internet use, Canada—and North America generally—was running out of numbers. "Sometime in the first 25 years of the next century," predicted industry experts, "the Canadian and American standard of a three-digit area code followed by a sequence of seven numbers will likely go the way of the rotary phone and exchanges with pleasant names like Regent or Lakeview." Very soon a complete overhaul would be needed of the telephone numbering system shared by both countries, as well as the Caribbean and Pacific islands.[30]

Regulation of several former public utilities across Canada and the United states produced further controversy, meanwhile, over the accepted wisdom of the policy and its alleged benefits. In the power industry especially, first results proved less than satisfactory, disrupting service, driving up rates to outrageous levels and creating havoc for consumers, because the expansion of public enterprise never materialized as expected.[31] In telecommunications, by contrast, regulation stimulated even more aggressive competition after 1998, which was not always for the best. Major new participants were created, such as Sprint Canada and AT&T Canada. But probably most startling was the mass consolidation of companies (like that between Alberta-based Telus and BC Telecom, Rogers Communications Inc. and Quebec's Vidéotron, or Bell Canada and the Manitoba System),[32] as well as international buy-outs of Canadian-owned entities.

These mergers dramatically transformed the structure of Canada's telecommunications industry, as the country went from nine largely provincially based incumbents in 1990 to only five by the year 2000. Driven by the perceived need to become larger, these combinations created a whole new set of gigantic, privately owned industry contenders with a thirst for monopoly. In consequence, other telecommunications carriers in the country, including provincially owned SaskTel, were faced suddenly with the question whether to place their loyalty with smaller firms or with much larger companies, either Canadian-owned or foreign-controlled.[13]

Arguably the most insidious result of these consolidations and the hot equities market that fueled them was, however, the impact they had on the actions and outlooks of manages of traditional telephone companies who tried to respond to new market expectations and position their firms as growth machines. That led directly to the death of Stentor in 1998. Staring in the mid-1990s, both Telus and Bell Canada searched aggressively for growth strategies to offset their revenue and market-share losses in the long-distance field. The telling event for Stentor came when it disclosed that the Alberta-based enterprise was in merger discussions with AT&T Canada. At that point, Stentor "trust" disappeared, and it was only a question of time until the alliance, which had served Canada well since the 1930s, was destroyed. The subsequent dissolution was difficult for all parties concerned, owing to legal matters such as access to any intellectual properties, ownership of physical plant and ongoing interconnection. In the process, SaskTel considered carefully whether to align with a newly consolidated Telus or Bell Canada. This was a significant and sensitive choice considering the close working relationships established with both companies and the potential long-term repercussions of a decision either way. In the end, the Saskatchewan Crown aligned with Bell Canada.

Hand in hand with these developments, meanwhile, was the rapid emergence of corporate ambition for hasty over-extension, due to the "dot-com" mentality that pervaded much of the 1990s. In any competitive market, one can only hope for smart business rivals. Across Canada, including Saskatchewan, the competitive weapon of choice among the various contenders after the introduction of federal regulation was price and only price. Unfortunately for their own business fortunes, SaskTel's competitors were not smart. To meet the expectations of investment baŋkers and a hot equity market that was prepared to fund almost any technology or telecommunications start-up between 1995 and 2000, many competitors focused on building market share and gross revenues at the expense of ever making a profit. Numerous price offerings were thus made during this five-year period to customers at rates below cost.

When the equity markets cooled, therefore, and the "dot-com" bubble burst, that activity took some enterprises to the brink of extinction, while others entirely disappeared. Most faced severe financial difficulties, in any case. Nortel's precipitous fall in late 1999 was a prime example.[14] Others are Telus in Alberta, AT&T and Sprint, though the latter two ought to do very well, confides Donald Ching, "if they survive."[15] Even the great Bell corporation has come under financial stress to the point of having to liquidate its international arm, whose share value plunged from $20 to about 2¢ between 2000 and 2002.[16] "It is unbelievable," offers Ralph Wyatt, who retired from SaskTel in 1982, "that Bell Canada is in the mess it is."[17]

It is thus ironic that while all the telecommunications giants currently face genuine difficulties, "little" SaskTel has had its best operating years at the turn of the new century. Moreover, its financial future is secure. In hard economic terms, the corporation has proved those industry analysts wrong who argued throughout the 1990s that it was too small to endure in the competitive marketplace and ought to be sold before it became valueless. Instead, it is one of the great success stories of the decade, and has earned more money for the province than could have been realized from a sale price, while its total value has increased steadily to $1.7 billion.[38] Much of this achievement is owed to a conservative approach to management dictated in large part by the company's accountability to its shareholders, the people of Saskatchewan, as a Crown corporation.[39] Consequently, if any of its diversification projects fail, as some have over the years, the company can remain strong.

Yet the ghost of privatization still haunts SaskTel. Among the arguments used to support this position is that although the Crown and its sister corporations had served the province well in the past, the public enterprise model is no long valid in the face of rapid social and economic change around the world. Despite all evidence to the contrary, proponents of this view still claim that as the "asset may diminish in value in the future, the government ought to maximize its sale price now."[40] Privatization would also permit mergers with other private-sector firms to create a streamlined, more efficient, robust and profitable telecommunications competitor in the volatile global marketplace. The proceeds from the sale could be used, meanwhile, to reduce the provincial debt.[41] Privatization, finally, would halt political interference in the company's business affairs, and at the same time dispose of an entity that produces a poor return on investment because of its policy obligations.[42]

None of these arguments withstands careful scrutiny, however. Former premier Allan Blakeney contends, for example, that the mere fact of change invoked by those who promote privatization "is an argument for nothing." The notion of using sale proceeds to service the public debt is just as "nonsensical," especially where the corporation in question – in this case SaskTel – continues to cover all of the service charges of the capital it uses and makes further contributions to the provincial treasury.[43] Howard Leeson agrees, noting further that as a general rule arguments in favour of selling public assets to pay down debt are "simplistic, lack appreciation for the social functions of Crowns, and do not necessarily demonstrate that there would be a substantial return."[44] This does not include the collateral damage to the provincial economy that likely would occur from the loss of future revenues, capital, jobs, head office employment, control and service levels.[45] The sale of SaskTel would result, in other words, in a short-term gain of perhaps as much as $3 billion, but a long-term loss of dividends to provincial coffers paid by a profitable, revenue-producing asset. Moreover, once that initial windfall is spent, warns Donald Ching, "you are left with nothing."[46]

SaskTel's senior management today does not oppose privatization on principle, provided that it is handled properly in practice should that day ever come, and with a particular view to the long-term interests of the province. Indeed, argues SI president Garry Simons, "you can get into all kinds of philosophical debates as to whether Crowns are good or bad, or whether they should be here or should not be here, and so on." But if the decision is made to privatize, it must be done in a very businesslike manner and not as a rush to judgment.[47] In ideal terms, that would mean pouring the proceeds into an investment within Saskatchewan that would be as useful and as profitable with respect to dividends paid to the public treasury as SaskTel has been.[48]

It is unlikely, however, that any government could sell the company without creating for itself grave political difficulties, particularly in rural districts, for "there is still a love affair between SaskTel and the average person in Saskatchewan."[49] At the same time, the resulting entity would almost certainly lose between 10 and 20 percent of its market share because of that close association between the public plant and the people its serves. Donald Ching understands this better than most. One of the important strengths of the corporation, Ching explains, is that the individual person in the province believes that he can write or telephone the president of SaskTel to complain directly or instruct him how the Crown ought to be run. By the same token, whenever requested to speak before a provincial organization, Ching always agrees: "I have an obligation to [do so]." It would be an act of the utmost defiance, he adds, for the CEO of any Crown corporation to decline an invitation to answer questions or hear the viewpoints of such organizations.[50]

Because SaskTel, like other public enterprises in Saskatchewan, was created as a social organism that was expected nevertheless to return a profit and be commercially oriented, provincial residents as shareholders—not just as customers—want to ensure that the individual entrusted with the management of their asset does it properly. Not only do they own that asset in reality, what is perhaps more important is their *belief* that they own it. This explains both their interest in SaskTel's success and their continuing loyalty, regardless of the wide range of options now available through competition. "So in Saskatchewan there is a strange phenomenon of a telephone company built around a government structure, but prodded by the demands of John Q. Citizen, and evolved in such a way that it is instructed to be commercially prudent as well a socially responsible."[51] This unique relationship maintains the bond between the corporation and the average person that has endured since 1908.

As it embarks on the new millennium, SaskTel's vision of its own future is to remain a highly competitive business, "committed to delivering outstanding customer service and value, while maintaining [its] commitment to social responsibility and good citizenship."[52] "Our focus is our customer," states the company's current motto, "our strength is our people." It has further pledged not only to anticipate and fulfil consumer needs for cost-effective communications solutions in years to come, but also to partake in a community of shared interest in conformity with its original social mandate as a "joint-owner of that community."[53] Yet these promises are hardly new. Throughout its history, writes President Ching, "SaskTel has helped people participate in the world around in a variety of ways." Indeed, he continues, the dial tone that greets one's ear on lifting the receiver is more than a reminder that one shares in a telecommunications network. It is also an invitation "to participate in the human networks accessible through modern communications."[54] Moreover, adds SI president Garry Simons, if SaskTel remains current, competitive and focused on customers, it "will be successful 20 years from now, or 50 years from now."[55]

There is one item, however, that those in the past who have written about the corporation have not fully appreciated, or at least have not fully articulated. While they have publicly extolled SaskTel's many achievements over the decades as a telecommunications pioneer in Canada, a consistent leader in technology, and a major benefactor to the Saskatchewan people, they have rarely acknowledged the company's essential place within the social, political and economic fabric of the province beyond its specific social or policy functions. This oversight comes, of course, from a focus on matters related specifically to SaskTel's position in the telecommunications industry, but with scant regard for a much broader perspective on the company's fundamental importance.

To be sure, there is a vague historical awareness of the corporation's presence that comes from long-term personal experience or association, owing in many cases to patterns of employment within Saskatchewan families, as successive generations have worked for SaskTel.[56] The Crown's lengthy and distinguished record of achievement has contributed to this awareness, especially in the latter two decades when the province has lacked a measure of self-esteem in the face of economic difficulties, declining opportunities for its youth, and dwindling resources. SaskTel is, in short, a much-needed source of pride. Yet that dual sense of the company's long-term presence has been eroding steadily for some time. The creation of a Crown corporation in place of the old Department of Telephones, the absorption of the small local exchanges into the public system, and the sheer pace of technological change coupled with the advent of competition during recent years, have conspired to disconnect SaskTel from the individual citizen.[57]

As that connection erodes, it becomes ever more vital to stress the corporation's real legacy to the province and its people. Almost from the beginning of Saskatchewan's participation in 1905 as an equal and autonomous partner in the Canadian Confederation, the government-owned utility was among the earliest and most important of the public institutions that built Saskatchewan. Its history and that of the province are, in fact, so inextricably intertwined that whatever events or influences affected the one also affected the other. In brief, they have grown and matured together. More than that, however, it is difficult to conceive of what Saskatchewan might have become as a province and a distinct community within Canada had SaskTel not existed.

Speculation over "what might have been" belongs usually to the sphere of philosophers and novelists. Yet it is more than likely from an historical viewpoint that without the creation of a government-owned telephone system, founded upon a policy of public ownership derived in turn from the principle of natural monopoly, the sparsely populated province would still lack an effective community of interest, except in a few urban centres, while the social, economic and even political life of Saskatchewan's rural people would lag far behind that of their counterparts elsewhere in the country.

Thus SaskTel's heritage involves much more than its pioneering role in Canadian telephony, its development of new technologies, its expansion of business into national and international markets, etc. These are merely the technical, administrative and fiscal elements of its past. Without exaggerating too much, it is fair to say that in many respects SaskTel's history is

Saskatchewan's history, having played a vital role in the unfolding pageant of both the province and the Canadian West. Therein lies the Crown corporation's real and continuing significance.

Appendix A
Ministers Directly Responsible for SaskTel
1908–Present

Commissioner, Railways, Telegraphs and Telephones

1908–1909	Hon. James Alexander Calder

Minister of Railways, Telegraphs and Telephones

1910–1913	Hon. James Alexander Calder

Minister of Telephones

1913–1918	Hon. George Alexander Bell
1918–1919	Hon. Charles Avery Dunning
1919–1921	Hon. William Erskine Knowles

Minister of Telephones and Telegraphs

1921	Hon. William Melville Martin
1921	Hon. John Archibald Maharg
1921–1922	Hon. William Melville Martin
1922–1926	Hon. Archibald Peter McNab
1926–1929	Hon. William John Patterson
1929–1934	Hon. James Fraser Bryant
1934–1944	Hon. William John Patterson
1944–1948	Hon. Charles Cromwell Williams
1948–1952	Hon. James Andrew Darling
1952–1953	Hon. Alex Gordon Kuziak

Minister of Telephones

1953–1956	Hon. Alex Gordon Kuziak
1956–1964	Hon. Charles Cromwell Williams
1964–1965	Hon. Gordon Burton Grant
1965–1970	Hon. Alexander C. Cameron
1970–1971	Hon. Gordon Burton Grant
1971–1972	Hon. Neil Erland Byers
1972–1975	Hon. John Edward Brockelbank
1975–1978	Hon. Neil Erland Byers
1978–1982	Hon. Donald William Cody
1982–1983	Hon. J. Gary Lane

Minister Responsible for Saskatchewan Telecommunications

1983–1990	Hon. J. Gary Lane
1991	Hon. Carol Teichrob
1992	Hon. Ned Shillington
1993–1994	Hon. Ed Tchorzewski
1995–1996	Hon. Carol Teichrob

Minister Responsible for Crown Investments Corporation (CIC)

1997–1998	Hon. Dwain Lingenfelter
1999	Hon. John T. Nilson
2000–present	Hon. Maynard Sonntag

Appendix B
Chairs of the Board of Directors
1947–Present

1947	Hon. C.C. Williams
1948–1951	Hon. J.A. Darling
1952–1955	Hon. A.G. Kuziak
1956–1963	Hon. C.C. Williams
1964	Hon. Gordon B. Grant
1965–1969	Hon. A.C. Cameron
1970	Hon. Gordon B. Grant
1971	Hon. N.E. Byers
1972–1974	Hon. J.E. Brockelbank
1975–1976	Hon. N.E. Byers
1977	Hon. C. Irwin McIntosh
1978–1981	Hon. Don W. Cody
1982	Hon. J. Gary Lane
1983–1984	Graham H. Walker
1985–1988	Garth Kennedy
1989–1990	Graham Walker
1991	Hon. Carol Teichrob
1992	Hon. Ned Shillington
1993–1994	Hon. Edwin Tchorzewski
1995–1996	Hon. Carol Teichrob
1997	Hon. Dwain Lingenfelter
1998–2002	Tom Kehoe
2003–	Reg Bird

Appendix C
General Managers and Presidents
1948–Present

General Managers

1948–1949	S.R. Muirhead
1950–1951	None Recorded
1952–1958	S.R. Muirhead
1959–1964	S.B. Medhurst
1965–1977	G.D. McCormick
1978	A.L.M. Nelson

Presidents

1979–1981	A.L.M. Nelson
1982	G.D. McCormick
1983–1985	Frank A. Degenstein
1986–1990	James A. Coombs
1991	Marcel Bernard
1992–1994	Fred Van Parys
1995	Dan Baldwin
1996–present	Don Ching

Appendix D
2003 Executive

Don Ching	President and Chief Executive Officer
Dan Baldwin	Senior Vice President, Business Development
Diana Milenkovic	Senior Vice President, Customer Service Operations and Mobility
Garry Simons	President, SaskTel International
Randy Stephanson	Chief Financial Officer
Mike Anderson	Vice President, Marketing
Ken Keesey	Vice President, Customer Service Sales
John Meldrum	Vice President, Corporate Counsel and Regulatory Affairs
Doug Burnett	Vice President, Human Resources and Industrial Relations
Kym Wittal	Chief Technology Officer

Appendix E
2003 Board of Directors

Donald R. Ching (President and CEO)
Reg Bird (Chair)
Tracey Bakkeli (Vice Chair)
Allan Blakeney
Wayne Byers
Richard Gladue
Karen Leir
Don Lowry
Kathleen Peterson
Alison Renny
Doug Richardson

Appendix F
Number of Long-Distance Calls

Year	Originated Long-Distance Messages	Originated Long-Distance Minutes	Year	Originated Long-Distance Messages	Originated Long-Distance Minutes
1910	281,851		1960	10,243,000	
1911	480,198		1961	9,979,000	
1912	638,521		1962	10,584,000	
1913	886,482		1963	11,299,000	
1914	896,024		1964	12,536,000	
1915	1,179,169		1965	14,182,000	
1916	1,384,124		1966	15,448,000	
1917	1,638,635		1967	16,443,000	
1918	1,906,842		1968	17,351,000	
1919	2,216,147		1969	18,272,000	
1920	2,597,404		1970	18,896,000	
1921	2,818,460		1971	21,427,000	
1922	2,806,529		1972	24,109,000	
1923	2,883,224		1973	30,380,000	
1924	2,663,375		1974	37,813,000	
1925	3,082,086		1975	44,331,000	
1926	3,177,715		1976	49,146,000	
1927	3,474,947		1977	54,847,000	
1928	3,679,119		1978	62,572,000	
1929	3,486,267		1979	69,461,000	
1930	3,000,025		1980	76,366,000	
1931	2,096,897		1981	83,937,000	
1932	1,718,346		1982	87,193,000	
1933	1,688,924		1983	91,925,000	
1934	1,758,645		1984	96,385,000	
1935	1,934,361		1985	104,363,000	
1936	2,121,082		1986	110,699,000	
1937	1,982,083		1987	117,172,000	
1938	2,122,718		1988	125,763,000	
1939	2,310,359		1989	135,447,000	
1940	2,433,287		1990	147,543,000	
1941	2,570,053		1991	162,043,000	
1942	2,800,125		1992	175,157,000	
1943	3,219,957		1993	191,057,000	
1944	3,644,322		1994	216,589,000	
1945	4,122,878		1995	239,802,000	906,200,000
1946	4,162,943		1996	260,997,000	1,008,200,000
1947	3,741,996		1997	243,696,000	969,533,000
1948	4,880,927		1998	227,102,000	932,745,000
1949	5,176,445		1999	No Longer Recorded	1,273,545,000
1950	5,690,104		2000		1,406,739,000
1951	6,226,042		2001		1,442,165,000
1952	6,925,316		2002		1,437,747,000
1923	7,492,701				
1954	7,333,636				
1955	7,656,444				
1956	8,399,420				
1957	8,540,381				
1958	8,925,000				
1959	9,730,000				

Appendix G
Telephone Access Lines

Year	# of SaskTel-Owned Telephones	# of Network Access Services	# of Access Services
1910	3,412		
1911	5,562		
1912	9,843		
1913	14,826		
1914	16,746		
1915	15,587		
1916	15,677		
1917	18,669		
1918	24,690		
1919	23,889		
1920	27,611		
1921	30,570		
1922	31,760		
1923	31,811		
1924	31,726		
1925	31,783		
1926	32,852		
1927	34,218		
1928	37,084		
1929	40,501		
1930	41,959		
1931	39,768		
1932	35,738		
1933	32,286		
1934	31,392		
1935	31,262		
1936	32,811		
1937	34,201		
1938	33,828		
1939	35,202		
1940	37,009		
1941	39,276		
1942	42,035		
1943	44,103		
1944	46,913		
1945	48,779		
1946	52,346		
1947	58,902		
1948	64,322		
1949	70,460		
1950	78,047		
1951	85,455		
1952	94,125		
1953	104,985		
1954	114,325		
1955	124,155		
1956	135,561		
1957	147,395		
1958	159,555		
1959	172,769		
1960	183,301		
1961	193,120		
1962	202,861		
1963	215,225		
1964	230,289		
1965	247,876		
1966	265,765		
1967	282,022		
1968	297,009		
1969	306,883		
1970	314,981		
1971	328,126		
1972	344,661		
1973	366,515		
1974	390,973		
1975	421,792		
1976	451,685	357,672	
1977	516,312	383,619	
1978	551,053	400,320	
1979	584,456	417,209	
1980	618,614	435,293	
1981	652,009	454,283	
1982	667,963	467,914	
1983	695,964	484,538	
1984	711,465	497,483	
1985	724,439	508,836	
1986	738,709	522,674	
1987	No longer recorded	531,929	
1988		540,884	
1989		553,137	
1990		562,179	
1991		569,785	
1992		573,464	
1993		574,962	
1994		581,816	
1995		595,101	
1996		607,092	
1997		626,924	
1998		641,523	615,601
1999		643,722	621,946
2000		637,990	621,766
2001		626,421	616,292
2002		No longer recorded	613,695

Appendix H
Milestones

1882

- Less than a decade after Bell's invention of the telephone, voices were being sent over a wire in Regina.

1887

- The first telephone exchange in Saskatchewan was opened in Peter Lamont's bookstore on South Railway near Hamilton Street in Regina.
- Emily Lander was the first telephone operator in Saskatchewan.

1905

- There were about 2,000 telephones in operation in the larger cities of Saskatchewan.

1906

- The Bell Telephone Company extended its long-distance facilities from Manitoba to connect Winnipeg with Regina to provide long-distance service.

1907

- Saskatoon became one of the first Canadian cities to provide automatic exchange service.

1908

- The Department of Railways, Telegraphs and Telephones was established by the Telephone Acts, assented to on June 12, 1908.

1909

- The Department built its first telephone exchanges at Hanley and Melville.
- On October 1, the Department expanded its system by purchasing the Bell Telephone Company, the Saskatchewan Telephone Company, and the Wapella-Harris Telephone Company. The newly acquired facilities consisted of 18 telephone exchanges, 53 long-distance offices, and 492 pole miles of long-distance lines. Among the telephone exchanges purchased were those in Estevan, Moose Jaw, North Battleford, Prince Albert, and Regina.
- The number of subscribers was 5,710 (3,412 local, 2,118 rural, and 180 municipal telephones).

1911

- The system was further expanded with the purchases of Saltcoats District Telephone Company, the North-Western Telephone Company (Saskatoon), and the Swift Current System.
- By the end of 1911, nearly 15,000 local subscribers were connected to the telephone system's exchanges, in addition to which there were some 9,000 subscribers in the province's rural and independent companies.

1912

- On June 30, Regina's telephone office was completely destroyed by the famous Regina Cyclone. Long-distance service had been restored within 24 hours; local service was restored on a limited basis within six weeks of the cyclone.
- By the close of 1912, a long-distance network serving all major centres in the province had taken shape. Some 3,170 miles of long-distance pole lines were carrying over 11,850 miles of wire.
- On December 1, 1912, Yorkton was added to the provincial telephone system with the purchase of the North West Electric Company.

1914

- An automatic dial system, housed in the telephone building at 12th Ave. and Lorne Street, was installed to serve Regina's residents. The automatic dial system served the city from January 1914 until November 1955, when it was replaced by the seven-digit numbering system.

1915

- Prince Albert was converted to an automatic dial system.

1918

- Swift Current was converted to an automatic dial system.

1919

- Both Moose Jaw and Qu'Appelle were converted to automatic dial systems. The Qu'Appelle exchange was the first in North America to operate as a Community Dial Office (CDO). A CDO is an automatic call switching office designed to serve a small community area with dial service.

1923

- The Department of Telephones provided lines for the first church service broadcast in Canada. Later, in the same year, long-distance lines were used for the first time in Saskatchewan to carry a music festival program from Prince Albert to Regina for radio broadcasting.
- Vacuum tubes had found their way into signal repeater equipment, strengthening and clairifying weak voice currents.

1928

- The first Canadian-manufactured carrier system was installed. This system, placed into service in October 1928, between Regina and Saskatoon, made it possible for four conversations to be transmitted simultaneously over the same pair of wires.

1930

- The drought and dust of the "Dirty Thirties," followed by the outbreak of the Second World War, curtailed the expansion of long-distance facilities for about 20 years.

1947

- On June 1, the telephone system, created by an Act of the Legislature in 1908, became a provincial Crown Corporation, officially known then as Saskatchewan Government Telephones. The move was made in order to separate the commercial functions from the regulatory functions of the Department of Telephones, a department to deal with rural telephone matters.
- There were 57,000 phones in service, with 3,741,996 long-distance calls placed in Saskatchewan.

1953

- There were 100,000 telephones in service, with 7,492,701 long-distance calls.

1955

- Local service was first introduced to the province's most northerly community, Uranium City, on November 30.

1958

- Saskatchewan's portion of the Trans Canada Microwave System was completed. Beaming signals from tower to tower, the system carries video, voice and data communications.
- The first automatic crossbar local switching system in Canada adapted for the switching of long-distance calls was installed in Saskatoon. This system made it possible for long-distance operators to connect subscribers' calls with ease, directly to the desired destination, without the assistance of operators at intermediate points along the way.

1964

- Direct Distance Dialling (DDD) was first introduced to the province with the addition of the Regina and Saskatoon long-distance centres to the continent-wide direct dialling network. Direct Distance Dialling service allows users to dial their own station-to-station long-distance calls to almost anywhere on the North American continent.

1966

- SaskTel undertook a program to provide service to some 6,000 farms not served by rural telephone companies.

1968

- A second microwave system, referred to as the Prairie Microwave Network, was completed and put into service.

- Push-button telephone service, commonly referred to as Touch Tone, made its appearance in Saskatchewan.

1969

- An act of legislature was passed amending the Saskatchewan Government Telephones Act and the corporation became officially known as Saskatchewan Telecommunications.
- There were 300,000 telephones in service with 18,272,000 long-distance calls.

1974

- By mid-September, 1974, all of the telephones in the province were dial operated.
- SaskTel installed its first computer-controlled electronic switching equipment for local service in Saskatoon. The equipment not only increased the speed and capacity of the telephone system, but also informed its human attendant what technical problems were developing via a typewriter.

1975

- There were 400,000 telephones in service; 42,342,000 long-distance calls.

1976

- The corporation began a seven-year program which allowed rural telephone companies—some 700 in all—to be voluntarily assimilated into the SaskTel system.
- As common carrier for telecommunications signals in Saskatchewan, SaskTel began the construction of a CATV cable distribution system in Regina, Saskatoon, Moose Jaw, and the Battlefords.

1977

- This year saw the milestone installation of the 500,000th telephone in the SaskTel system. There were 52,000,000 long-distance calls.
- Saskatchewan became the first province in Canada to have all toll lines buried when the last pole line, which ran between Melfort and Star City, was replaced.

1978

- Saskatoon became the first city in Saskatchewan to offer 0+. For the first time customers were able to dial calls that had formerly required an operator. An operator need only come on the line to record pertinent information or complete collect calls and person-to-person calls, allowing faster, more efficient service.

1979

- SaskTel installs the first digital switching system in the province, in the northern community of La Ronge.

1980

- Computerized directory assistance (DA) was put into service in major Saskatchewan cities. Now, instead of looking in large printed directories for a requested number, DA operators use keyboards and read listings displayed on view screens.
- Late in 1980, SaskTel began construction of the world's longest commercial fibre optic network. This new technology converts all forms of messages to symbols of light and then transmits the messages on hair-thin strands of ultra-pure glass. Each strand of fibre optic cable can carry 672 telephone conversations (one way), or one video channel, or 45 megabits of data per second.

1981

- In 1981, there were about 670 telephones for every 1,000 people in Saskatchewan—a remarkable achievement given the topography of the province.
- Direct Dialling Overseas (DDO) allows customers to direct dial their own overseas calls. This service was made available to a number of larger centres in Saskatchewan.

1982

- The first link of the fibre optic Broadband Network (BBN), between Regina and Yorkton, was inaugurated in January.

1984

- The completion of the world's longest commercial fibre optic system, 3,268 kilometres, initially connected 52 of Saskatchewan's largest communities.

1985

- The 5-year, rural individual line service program was started. The program upgraded some 70,000 multi-party line customers to individual line service.

1986

- SaskTel International was formed to market the corporation's expertise in advanced telecommunications technologies, particularly fibre optic systems, to clients around the world.

1987

- A digital switching modernization program is announced which will result in Saskatchewan having an all-digital network in place by early 1996.

1989

- SaskTel International invested in Leicester Communications Limited (LCL), a cable/telecommunications company in the United Kingdom.
- SaskTel brought cellular service to the province.

1990

- The completion of the largest single project in SaskTel's history, the $225 million individual line service program.
- Introduced a program to convert SaskTel's facilities fully to computer-based digital technology.

1991

- SaskTel offered its customers custom calling services – call display, call trace, and call return – networked between Saskatchewan communities, the first company to do so in Canada.

1992

- This was a landmark year for the telecommunications industry as the CRTC allowed long-distance competition in Canada. The Province of Saskatchewan was successful in negotiating a five year moratorium with the Government of Canada to have SaskTel remain outside of the CRTC's regulation. This moratorium would allow SaskTel to examine a regulatory framework that is in the best interests of the people of Saskatchewan.

1993

- The ownership of SaskTel was restructured to create both a holding corporation and a telco-operating company.
- SaskTel announced a bold new five-year strategic plan, clearly stating SaskTel's vision of the future.

1994

- SaskTel International ended a four-year commitment to the largest construction project of the 20th century, the English Channel Tunnel project. SaskTel International performed the design audit, detailed system and management audits, and provided installation and commissioning for the Channel Tunnel's telecommunications and control systems.

1995

- This was one of the busiest years in SaskTel history. The customer base exceeded 450,000, compared to 3,000 in 1908 when SaskTel was formed, and covered 98% of Saskatchewan homes.
- SaskTel patented technology that allowed hotel guests to receive and place telephone calls while playing a video game, even though the game controller was attached to the same telephone jack. This technology was marketed through SaskTel's business partner, the Hospitality Network, and video games giant, Nintendo.
- Record profits of $191.8 million were recorded in 1995 due, in no small part, to the sale of LCL Cable Communications Ltd.

- The internet officially came to SaskTel in a big way. Saskatchewan had access to the internet through SaskNet, a service provided by the two Saskatchewan universities. SaskTel brought universality of service and moderation of prices to the residents of Saskatchewan including being the only internet provider in Canada to waive long-distance dial-up charges for rural customers.
- SaskTel affirmed its commitment to safety by continuing to provide 9-1-1 coverage to more than half of the province and announcing plans to increase the service to be province-wide by the year 2000.

1996

- SaskTel became the first telecommunications company in Canada to deliver commercial high speed internet using ADSL (asymmetric digital subscriber line) technology.
- The year-long distance competition arrived in Saskatchewan.
- SaskTel experienced the first full-scale strike in its history.
- SaskTel Mobility signed up its 100,000th customer, leading to its success in achieving the second-highest rate of market penetration among Mobility Canada member companies.
- SaskTel Mobility expanded its coverage to stretch 105,000 square kilometres beyond any competitor's coverage area.
- The SaskTel Call Centre opened in the new Customer Care Centre in Regina—a state-of-the-art, fully-blended, and multi-functional telemarketing operation.
- SaskTel signed a contract with the Saskatchewan Indian Institute of Technology (SIIT) to create the first call centre in Canada owned and operated by First Nations people.

1997

- SaskTel celebrated its 50th Anniversary as a Crown Corporation.
- Marked SaskTel's first full year of long-distance competition, which ended with a 92% market share, despite aggressive moves by other corporations to attract long-distance customers.
- SaskTel introduced the Core Network Evolution Plan (CNEP), a $194 million undertaking spread over six years, to develop our transmission and switching systems to a state of readiness for the future's high-bandwidth telecommunications.
- SaskTel Mobility experienced a growth rate for cellular that produced a market penetration level greater than any other individual cellular provider in Canada in 1997.

1998

- SaskTel celebrated its 90th Anniversary with a year of winning numbers—revenue, market share and debt ratio.
- The 90 years of commitment to Saskatchewan was also marked with a one-time donation of $2 million to hospital foundations in the province, allowing them to purchase two new MRI units, thus providing improved access to advanced diagnostic equipment within the province.
- SaskTel Mobility was the first to offer Wireless Internet in Saskatchewan, an application of the new CDPD (Cellular Digital Packet Data) SaskTel brought to the province earlier in the year.
- SaskTel Mobility introduced the latest generation of cellular service, digital Personal Communications Services (PCS) to Regina and Saskatoon.
- The Exchange Area Boundary Program was introduced in order to reduce the number of telephone exchanges in Saskatchewan. 81,000 customers would benefit from this exchange consolidation.

1999

- SaskTel invested over $8.2 million in their network in order to bring high-speed internet access to new areas of the province.
- A new company entered the SaskTel family with the creation of SecurTek, a remote monitoring service that offers residents and businesses a state-of-the-art security monitoring system for their property.

- SaskTel Mobility made a commitment to invest $12.3 million to expand the digital PCS network, making SaskTel's digital coverage the largest in Saskatchewan.
- SaskTel rigorously prepared for regulation by the CRTC which was expected to bring changes in the operating environment and impacts on future pricing, products, service development, and financial performance.
- SaskTel rolled out a new strategic plan to take the corporation into the 21st century.

2000

- Expanded analog cellular service to more than 90% of the Saskatchewan population and invested more than $12 million to build Saskatchewan's digital Personal Communications Services (PCS) network.
- Expanded the availability of SaskTel High Speed Internet service to more than 50% of the Saskatchewan population.
- Became regulated by the Canadian Radio-television and Telecommunications Commission (CRTC) effective June 30.
- Presented an application to the CRTC for a Broadcasting Distribution Undertaking (BDU) license to offer Digital Interactive Video (DIV).
- Received a number of honours, including:
  - being recognized as one of Canada's Top 100 Employers;
  - being named as one of the Best Companies to Work for in Canada by the Report in Business Magazine;
  - receiving the Top Employers of Youth Award and the Royal Bank Partners in Education National Award from the Conference Board of Canada.
- Awarded an Industry Canada Multi-point Communications Systems (MCS) spectrum license for Saskatchewan.

2001

- SaskTel announced another advanced data centre for Saskatchewan, continuing to grow and enhance its data and internet business. Based in Saskatoon, the data centre provides all customers with a wide range of reliable data storage and hosting services.
- SaskTel was selected as the Conference Board of Canada's Top Employer of Youth in Saskatchewan for the second year in a row. This award is given to an organization that recognizes the value of enabling today's youth to participate in social and economic opportunities.
- SaskTel Mobility announced the expansion of its digital cellular network, with the objective of completely overlaying the existing analog network within the next three years. SaskTel invested $24 million in this expansion, which builds the foundation for future high-speed wireless data applications.
- SaskTel received the 2001 Saskatchewan Labour Force Development Board (SLFDB) Training for Excellence Award for the Promotion of Aboriginal Participation. This award recognizes the development of approaches to promoting Aboriginal employment in Saskatchewan.
- SaskTel International celebrated 15 years of success in the global marketplace.
- On July 31st, SaskTel announced the acquisition of RSL COM Canada (now known as Navigata) for approximately $17 million. The Vancouver-based company provides a full range of products including local service, long-distance services, internet services, and high speed data services to customers located in British Columbia, Alberta, Ontario, and Quebec.
- SaskTel announced that 27 more Saskatchewan communities will join SaskTel's high speed internet network before the end of the year.
- SaskTel was recognized, for a second time, as one of Canada's Top 100 Employers.
- For its work in bringing telephone service to Northwest Tanzania, SaskTel International (SI) received an award from the Canadian International Development Agency (CIDA) and the Canadian Manufacturers & Exporters for Improvement of Physical or Social Infrastructure.

2002

- SaskTel Mobility announced plans to invest up to $15 million in 2002 to bring digital cellular service to more Saskatchewan communities—a continuation of the largest expansion project ever for SaskTel Mobility.
- SaskTel has become the first hosting service provider in Canada to achieve Hewlett-Packard Company's silver certification under the HP Service Provider Program (SPP) for its data centres.
- SaskTel announced that it will be expanding its high speed internet service to 191 Saskatchewan communities over the next two years.
- SaskTel announced a third internet option—SaskTel High Speed Light—for customers in Saskatchewan's major centres.
- SaskTel was selected as one of three winners for the National Award for Learning Technologies in the Workplace. This award recognizes achievement in employee learning through effective use of learning technologies. SaskTel was also the only recipient of an Honourable Mention in the Global Best Awards, honouring achievement in employee and community investment programs that address the needs of children and foster readiness to learn.
- The SaskTel Pioneers received three awards at the 2002 Canadian Pioneers Annual Conference: two People Who Care Awards for the Regina Luthern Home Therapy Gardens and for the Swift Current Pioneer Lodge Gazebo; and one Education Excellence Award for the Regina Senior Citizens' Centre Computer Lab.
- The Saskatchewan Labour Force Development Board awarded SaskTel the Training for Excellence Award - Career Enhancement, which recognizes organizations that invest in the career development of their employees.
- SaskTel officially launched Max Interactive Services—an innovative new service that allows customers to have unlimited high speed internet on their TV and computer as well as a full lineup of digital quality television channels.
- SaskTel International announced the largest software sale in its 16-year history—a contract was signed with TDS Telecom to provide the MARTENS® Service Provisioning and MAGIC (Modular Application Gateway Interface Connector) software products and related services.
- SaskTel International was awarded a contract by the Canadian International Development Agency (CIDA) to develop a telecommunications project in rural India.

INDEX

A

Act respecting the Creation of Corporation for Certain Purposes, 272
Advanced Interactive Services (AIS), 415, 418
Affirmative Action Program, 367, 428
Agricultural economy, 52-3, 55
Agriculture & Agrifood Canada, 418
Agrifood data, 417
Agritech International Corporaton (Alberta), 417
Agritex, 359, 405
Ahern, T., 63, 444
Aiktow, P.M. (Aiktow), 151
Air Canada
  reservations system, 345
Air-to-Ground Radio-Telecommunications, 404
Aird Commission, 251-3, 259, 263
Aird, Sir John, 251
Aitchism, Miss E., 315
Alberta Government Telephones (AGT), 255, 262, 297, 386, 392, 394-9, 436
Alberta telephone system, 46, 217, 225-6, 230-1, 233
All Numerical Dialing, 292, 338-9
Allan, Bob, 358
Almond, James, 173-4
American Bell Telephone Company (Boston), 28, 123, 288
American Federation of Labour (AFL), 199-200
American Telegraph & Telephone Company (AT&T), 255
Ameritech, 421
Anderson, A.J., 153
Anderson, J.T.M., 223
  government of, 147, 228, 236-7, 247-9, 251, 264, 267
Anik satellites, 348, 356
Annual Report (Dept. of Telephones), 91, 94, 107, 121, 135, 138, 161-2, 171, 181, 184, 199, 225, 238-9, 242, 245, 249, 265-6, 286
Annual Report (SGT/SaskTel), 337, 345, 349, 352-3, 356, 368-9, 388, 400-1, 404-5, 411-2, 421
Archer, John, 7, 50, 156, 158, 177, 224, 248, 264, 269-70, 341
Armstrong, Christopher, 9, 16, 27, 34, 37, 40, 45-6, 150, 153, 195, 213, 250
Associated Boards of Trade of Western Canada, 44, 58
Association of Rural Telephones, 346
AT&T Canada, 449-50
Austar United Communications Ltd., 422
Automatic Electric Company of Chicago, 190
Automatic Number Identification (ANI), 404
Aylesworth, A.B., 37-8

B

Baldwin, R., 206
Balfour, W.T., 143
Balls, Herbert, 282
Banff School of Advanced Management, 363
Barnhart, Gordon, 64, 186
BC Telecom, 449
Beacon Initiative, 417
Bearman, B., 315
Beatty, E.W., 259-60
Becker, A., 102
Beith, Robert, 97, 101
Bell, Alexander Graham, 8-10, 69, 110, 123
Bell, Alexander Melville, 8, 11
Bell, George A., 151, 185, 187-90, 192-3, 200, 250
Bell, George M., 188-9
Bell Telephone Company of Canada, 12, 17, 29, 39, 45, 62, 79, 87, 96-7, 99, 122, 153-4, 195, 256, 263, 292, 362, 396
  competition by local companies, 63, 106, 115, 124-5
  construction program, 10, 18, 23, 42
  control by, 59
  Craft and Service employees, 335
  excessive rates of, 31-2, 35, 40, 43-4, 65-6, 68-9
  expansion of, 19, 22, 28, 91, 347, 449
  franchises of, 38
  lobbyists for, 37
  long distance network, 56, 58, 70, 73, 124, 398
  modern equipment of, 119, 293, 383
  monopoly of, 23-4, 26, 29-33, 35-38, 40-3, 46-7, 56-7, 60-1, 65, 67-70, 76-7, 84, 118, 153
  organization of, 381
  patents, 10-1, 16, 26-7, 33, 112, 287
  poor service in Prairies, 20, 69
  provision to resume telephone business in Sask., 128
  role in interprovincial telecommunications, 70, 149, 250, 255, 257, 277, 293, 360, 394, 450
  sale of assets to province, 127, 214, 386
  service in rural districts, 35, 40, 56, 65-6, 69, 78, 136, 355, 443
  operating procedures, 251, 390
  subscribers of, 29, 31, 65
  union certification at, 335
Bell, Major William, 14-5
Bennett, R.B., 253, 261
Bennett, T.W. (Willow Branch), 172
Bernard, Marcel, 399, 427
Biggar, R.W., 20, 55
Bill C-62, *See* Telecommunications Act
Bingham, Sydney, 225
Black, D.H.F., 276
Black, Norman F., 8

Blackwood, Alex, 262
Blakeney, Allan E., 279, 282-3, 341, 351-2, 373, 375, 386-7, 423
  government of, 352-3, 355-6, 359, 363-4, 367-8, 372, 377, 389, 392, 402, 430, 451
BNA Act, *See* British North America Act
Boake, C.E., 102
Board of Railway Commissioners, 30, 34, 39, 170, 262
Boggy Creek Rural Telephone Company, 140-1, 143
Bole, J.F., 71
Borden, Sir Robert, 31, 37, 87, 187, 192
Bradshaw, John E., 154, 184-7, 189, 193, 219, 235
Brady, Alexander, 47-8
Brand-band fibre optic system (BBN), 404-5, 418-9, 421, 423, 444
Brennan, J. William, 53, 64, 193, 238
B.C. Rail, 400
British Columbia Telephone Co., 255, 383, 407
British Columbia Telephone Employees' Organization, 314, 330
British Columbia's TSI, 419
British Commonwealth Air Training posts, 249
British Independent Labour Party, 200
British North America Act (BNA, 1871), 1, 252-3, 262, 396
British Telecom, 423
Britnell, G.E., 227, 239, 241
Britnell, G.R., 43, 45
Brittain, H.C., 97
Broadcasting industry, 254, 259-61
Brockelbank, John E., 364
Brotherhood of Locomotive Engineers, 305
Bureau of Labour (1910), 305
Brown, J.T., 61
Bryant, James F., 189, 228-9, 231-5, 238, 241, 251, 255-6, 258, 261-2, 277
Bryden, W.K., 303
Buch, H.G., 324
Buildings and Telephone Commission, 187
Byers, Neil E., 351
Bynon, W., 258

C

Cadbury, G.W., 276
Calder, James A., 6, 62, 80-2, 85-9, 95, 97-8, 100-3, 105, 123, 125–9, 136-7, 142-4, 146, 151, 153-4, 157-8, 167, 184-6, 191-2, 194, 197-8, 250
Calgary Board of Trade, 42
Calgary Power Company, 346
Callender, S.F., 22
Calling cards, 404
Cameco Corporation, 388, 432
Campbell, H. Arthur, 99
Campbell, Attorney General Colin, 45
Campbell, W.J., 228
Carrier equipment, 287
Canada Pacific Railway
  commercial telegraph office, 20
Canada Post Corporation, 405
Canada Telephone System
  Board of Management, 366
Canada West Electric Company, 188-9
Canada Year Book, The (1925), 218
Canadian Annual Review, 33-4, 37, 39, 53, 55, 82, 128, 150, 187, 192, 200, 218
Canadian Armed Forces, 249, 303, 311-2
Canadian Association of Radio Broadcasting, 253
Canadian Broadcasting Company (CBC), 259, 262-3
Canadian Brotherhood of Railway Employees, 314
Canadian Communications International (CCI), 407, 419
Canadian Communications Workers Council (CCWC), 333-4
Canadian Congress of Labour (CCL), 304, 313-20, 329-30, 332-5
Canadian Engineer, The, 23, 29, 32-6, 42, 44, 65-8, 84-5, 140, 197
Canadian Federation of Communications workers (CFCW), 334-5
Canadian Federation of Labour, 200
Canadian Federation of Telephone Workers, 330-1
Canadian Independent Telephone Association, 39, 45, 63, 68
Canadian Independent Telephone Company, 189-90
Canadian International Development Agency (CIDA), 421
Canadian National Railway (CNR), 75-6, 103, 105-9, 125, 133, 157, 169-70, 199, 224, 250, 252, 256-8, 260, 262-3, 400
Canadian Northern Railway, 53, 250
Canadian Office Employees Union (COEU), 334
Canadian Pacific Railway (CPR), 8, 16, 35, 39, 41, 53, 55, 73-5, 78, 106-8, 127, 129, 142-3, 156, 199, 224, 249-50, 252, 254, 256-63, 400
Canadian Pacific Railway Telegraphs, 23
Canadian Radio Broadcasting Act, 253
Canadian Radio Broadcasting Commission (CRBC), 254, 258-9, 261, 263
Canadian Radio-television & Telecommunications Commission (CRTC), 70, 357, 385, 391, 393–401, 410-2, 415, 417, 426, 439-40, 448-9
Canadian Switched Network (AUTOVON), 350
Canadian Telecommunications Carriers Association (1972), 392
Canadian Telephone Association, 347
Canadian Transport Commission, 70
Canadian Unionist, 330
Canadian Year Book (1906), 1
Canadian Western Agribition, 447
Cantel, 383, 416
Capitalism, 269-70
Carlson, Ron, 429
Casson, Herbert, 113, 194-5
CATV, 422

CBC
  Accelerated Coverage Plan (ACP), 357
CCF, *See* Co-operative Commonwealth Federation
Cellular radio technology, 398
CFQC (radio) in Saskatoon, 214, 251
Chant, A.E., 227-8
Charlesworth, Sir Hector, 262
Charlottetown Accord (1992), 400-2
Chicago Telephone Commission, 214
Ching, Donald, 367, 428-30, 433, 444-6, 450-2
  SaskTel renewal, 430-1
Chisholm, John M., 103-4
Chown, R.C.F., 87, 211
Churchill, W.H., 227
Civil Service Act, 95
CKCK radio (Regina), 214, 251
Clark, Joe, 401
Clarke, G.W.R. Bill, 350
CNCP Telecommunications, 383, 394-6, 398
Coatsworth, Emerson, 28, 39
Collins, R., 69, 238
Commission of Inquiry into Provincial and Municipal Taxation, 243
Committee for Industrial Organization (CIO) (1935) (US), 305, 333
Communications Workers of America (CWA), 304, 333-5
Communications Workers of Canada (CWC), 335
Computer Communications Group, 348, 355
Congress of Industrial Organizations, Canadian branch, 313
Conroy, Pat, 329, 332-3
Constitution Act (1867), 70
Consumer Electric Company, 39
Cook Communications Local 17 (Winnipeg), 335
Coombs, James A., 403
Cooper Timber Company (Regina), 106
Cooper, H.P., 106
Cooperative Commonwealth Federation (CCF), 49, 223, 269-71, 278, 281, 295, 305
  policy on Crown corporations, 271, 274, 277, 279, 282, 284
  labour legislation of, 304, 314, 316
  and SGT, 338, 353
Cooperative principle, 82, 84, 136
Cornwall Centre, 359-60, 366, 408
Cosgrove, William, 137
Coulee Rural Telephone Company, 142
Cox, A.B., 129
Craig, W.D., 121
Creech, G.B., 173-4
Crest Craft (Saskatoon), 320
Crow Rate, 371, 372
Crown Corporation Act of 1945, 273, 275
Crown Corporation Act of 1947, 275, 280
Crown corporations, 279, 292-3, 295, 319, 327-8
  accountability of, 281-3, 379, 436
  cross-subsidization of, 436
  curtailment of, 386
  deregulation of, 434-6
  future of, 363, 432
  and globalization, 434
  instrument of economic development, 272, 277, 280, 340, 347, 350, 352, 365, 372, 378
  as natural monopolies, 281, 376, 378-9, 381, 393
  privatization of, 374-7, 380, 385, 387-8, 390, 432, 434
  as socialist entity, 271-2
  and technology, 293, 359, 435
Crown Investments Corporation (CIC), 274, 367-9, 430-4
Crown Management Board (CMB), 387
Curtis, Mrs. E., 72-3
Cushing, W.H., 46, 73, 125

D
Dafoe, John Wesley, 103, 128
Dagger Report, 71, 73-4, 77-80, 84-5, 88, 136
Dagger, Francis, 39, 64-8, 71-79, 82, 85, 105, 107, 118, 122, 128, 149, 153, 257
Dagnone, Tony, 407
Dahlman, August, 5-6
Daily Phenix, 117-8
  See also Phenix
Daily Province, 54
Darlington, Art, 334
Data transmission, 345, 348, 350, 358, 382, 398, 403-5, 408, 415
Datacom 1200, 355
Dataroute, 348, 355
Davidson, A.R., 105
Davies, A., 203, 207
Davis, A.T., 104
Deacon, Richard, 6
Deering Electric Company, 188-9
Degenstein, Frank, 266, 328, 358, 362, 366, 389-90, 394, 396, 418
Denny, Michael, 91, 96, 111, 379-81, 383-5
Department of Natural Resources
  remote radio-telephone system operated by, 296
Department of Railways, Telegraphs and Telephones, 69, 80, 152, 156
Department of Telephones, 91, 95, 132, 157, 213, 248, 261, 278-9, 307, 343, 409, 453
  accounting practices of, 227, 230-2, 236-7, 240-1
  administration of, 102, 109, 121, 132, 137, 155, 162, 228, 230, 234, 236
  agreement with CPR, 127
  agreements with CNR, 108
  allegations of graft, 100, 103, 185, 187-90, 192-3
  application process for incorporation, 152
  capital expenditures, 213, 216, 228, 231, 238-9, 243-4, 343, 349
  construction of long-distance and rural lines, 102-5, 107, 119, 124, 129-30, 137, 139, 143-6, 159-60, 171-2, 174-7, 348, 354
  construction standards, 138, 146
  decline in long-distance revenues, 238-40

  development of provincial telecommunications network, 149, 173, 249, 264, 267, 443
  employment at, 96-100, 102, 195-6, 198, 204, 304, 306
  extensions of provincial system, 194, 238, 240, 249, 265, 284, 297
  focus on internal improvements, 163-4
  impact of economic crisis, 238, 245
  inquiries into, 224, 229
  labour relations at, 309, 312-4, 316-7, 319, 321-2, 323, 328-9, 331, 361
  legislation for, 152, 181
  modernization of system, 214, 238-9, 242, 244
  as monopoly, 132, 231
  operation of local exchanges, 129-30, 133, 137, 144
  over private and rural companies, 276, 300
  political patronage in, 100-1, 104
  providing telephone service, 249
  purchase of Bell's assets in Sask., 127-8
  purchase of telephone materials, 104, 106-8
  refurbishment of aging circuits, 214, 216-8, 238
  regulations of, 151, 276, 339
  requests for telephone company incorporation, 135, 138
  separate government portfolio, 151
  standard operations, 169-70, 240
  strike of 1918, 204, 207
  supply of materials to private telephone companies, 122, 142
Department of Telephones and Telegraph Act of 1940, 275
Depression, Great, 269, 286, 297-8, 304, 315, 325, 343, 373
Devine, Grant, 248, 374, 376, 385, 387, 418
  government of, 329, 371-3, 387, 389-90, 430, 432
  move to privatization, 376-8, 386-91
  neo-liberalism of, 374-7, 390-1
Diginex, 389
Direct Distance Dialing (DDD), 292, 338-9, 344, 347, 352, 356
Direct Overseas dialing, 405-6
DirectWest Publications Ltd., 389
Dobson, Hugh, 198-9
Dominion Government Victory Loan Bonds, 267
Dominion Grange Convention, 43
Dominion Industrial Disputes Act of 1907, 203
Dominion Telegraph Company of Toronto, 11, 15
Doody, C.W., 255
Doty Lumber Company (WA), 105
Douglas, Tommy, 93, 96, 268-9, 282, 288, 333, 341
  and centrally planned state, 271
  and Crown corporations, 272-3
  government of, 273, 275, 277-8, 280-2, 297-8, 303-4, 314, 316, 319, 323, 326-7, 340, 343, 352, 368
  as reform crusader, 269
  and telephone utility, 276
Drinkle, J.C., 131
Drought Area Debt Adjustment, 267
Dunning, Charles Avery, 192-3, 201-4, 207, 209-11, 220-1, 231, 234, 247
Durham, Lord, 8
Dyck, Rand, 388

E

Eager, Evelyn, 92-3, 247, 274, 352
Eaglesham, Dr. Hugh, 172
Echo Rural Telephone Company, The, 152
Economic Council of Canada (ECC), 382-3, 385, 397-8
Edison, Thomas, 9, 110
Edmonton Telephones of Alberta, 407, 419
Eldorado Nuclear, 388
Electric companies, 26, 48
Elliott, Dr., 143
Elliott, W.C., 104
Enhanced 9-1-1 program, 410
Envoy Post, 405
Esterhazy *Observer*, 192
Esty, J.W., 222-3
Evening Province, 192
Exchange Area Boundary (EAB) program, 446
Exchange Radio-Telephone Service, 404
Extended Area Service (EAS), 404

F

Facsimile transmissions, 279, 294, 339, 345, 382
Fairbairn, Brett
  Building a Dream, 82
Farley, H.K. (Waseca), 172
Farmers' Union of Canada, 223
Federation of Saskatchewan Indian Nations, 438
Federation of Telephone Workers of British Columbia (FTWBC), 329-30, 332-4
Federation of Telephone Workers in Canada, 333
Ferguson, Jimmy, 242
Ferguson, Miss M., 315
Fibre-optic telecomunication system, 357-8, 444
Filmon, Gary (Manitoba), 433
Financial Post, 233
Fines, C.M., 271-2
Fisher, Charlie D., 97
Fisher, Harold, 151
Fitzpartric, Sir Charles, 37
Foothill, James, 314
Forbes, William H., 10
Forget, Amedee, 80
Forsey, Eugene, 330
Forsythe, Frank, 315-6, 323
40/40 plan, 410
Foster, Keith, 19
Fowke, V.C., 48, 92
Fox, Francis, 395
Fraser Institute of Vancouver, 387
Fraser River Lumber Company (BC), 105
Fraser, A.W., 87, 101

Frederiksen, D.M., 169
Free competition, theory of, 26, 38
Freedom of Trade Union Association Act, 304, 309
Freeman, Jean, 355, 365
Fuller, R.J., 87, 170

G
Gardner, J.H., 324, 326
Gardiner, James G., 221-3, 227, 235, 248, 264, 299
Gass, C.A., 20
Gass, Elizabeth, 20
Geddes, R.G., 330
General Mobile Telephone, 438
Gibson, A.W., 99-101
Gilliland, E.T. (Indianapolis), 115
Gilliland switchboard, 18
Gillis, A.B., 143-4
Gisborne, F.N., 15
Global Military Network, 350
Godfrey report, 230, 235, 343
Godfrey, O.J., 229-32
Godfrey, O.J. & Company, 228
Gordon, Vern, 102
Government Enterprise in Western Canada's Telecommunications, 91
Government Finance Office (GFO), 274-5, 277, 279-80, 299, 327, 342, 361, 363, 367-8, 430
Government-ownership principle, 270
Gracy, Don, 378
Graham, George P., 101
Grain Growers' Association, 143
Grain Growers' Guide (1912), 139
Grand Trunk Pacific Railway, 35, 53-5, 75, 97
  telephone connections, 39
Grant, Gordon B., 342, 351
Grant, R.W., 97
Greenwood Rural Telephone Company, 173-4
Grey, A.C., 63-4, 72
Gryde, John, 225

H
Hannah, Elma, 315-6, 333
Hardie, Kier, 200
Harding, Jim, 352
Harman, S., 333
Harris, Albert, 333
Haultain Commission, 187-90, 193
Haultain, Sir Frederick W.G., 59-62, 81, 84-6, 88-9, 144, 187
Hawkes, John, 220
Hearsey, F., 173
Hello Giant, 32
Hello girls, 118, 195, 205,
Hello, Central, 18-9, 405
Henderson, Robert H., 4
Herchmer, Laurence W., 16
Hill, L., 105
Holmes, Andrew, 102
Homesteading, 2-3, 5, 7, 10, 50-1, 53, 55, 77, 134-5, 138, 140, 152, 155, 159, 177, 217, 220, 237
  cooperative enterprises of, 93
  isolation of, 70, 78, 92, 443
Hood, S.C., 87
Hopkins, Mayor, 54
Hospitality Network Canada Inc. (HNCI), 417
Hostetter, Joseph, 6
How to Build Rural Telephone Lines, 139
Howell, T.C. Bob, 320
Howland, O.A., 28
Hubbard, Gardner, 10
Hudson's Bay Company, 7

I
Imperial Oil Company, 252
Individual Line Service program, 409
Industrial Development Fund, 275
Industrial Disputes Investigation Act, 304
Industry Canada
  Computers for Schools, 415
Inglis, E., 201-2, 204-5, 210
Innis, H.A., 42
Inter-American Development Bank, 420
International Brotherhood of Electrical Workers (IBEW), 200-2, 204, 206-7, 210-1, 304, 314
International Union of Mine, Mill and Smelter Workers, 331
Internet connections, 354
Inter-Ocean Investment Company, 102
Ireland, C.H., 188, 190
Irvine, Colonel A.G., 17
Itasca Cedar Company (US), 105

J
Jamieson, Stuart M., 325-6
Jardine, Robert, 102-3
Jelminski, Joseph, 97
Johnston, 134
Jones, Ben, 255
Jones, H.M., 332
Jones, Harlo, 133, 197

K
Kelsey, J.C., 189
King, Ray, 334
Kirk, E.C., 95
Kirkpatrick, B.J., 141
Klein, Ralph (Alberta), 377
Knowles, William E., 219-20
Korbin, Wolf (Kuroki), 161
Korvemaker, Frank, 359

L
Labour
  collective bargaining, 304, 314, 321
  grievances of, 313-4, 318, 321
  lockouts, 304
  strikes, 304, 313

  and unfair practices, 314
Labour disputes, 372
  conciliation board, 303-4
Labour legislation, 309, 316
Labour organizations, 305
Labour relations, *See* Department of Telephones, labour relations; Saskatchewan Government Telephones, labour relations; SaskTel, labour relations
Labour Relations Act, 303
Labour Relations Board, 303, 316, 319
Labour unions, 270, 304
  membership in, 314
  strike fund, 334
Laing, John, 423
Lake, Richard S., 185
Lamont, J.H., 61
Lamont, Peter, 18-20, 115, 195
Lander, Emily, 18-19, 115, 195
Lane, Gary, 385-6, 389, 406
Langley, George, 61, 71, 144
Latta, S.A., 202
Laura Secord (Ontario), 427
Laurier, Sir Wilfrid, 31, 37, 83
  government of, 34, 37-40, 57, 60, 128
Lax, John, 314-6, 333
LCL Cable Communications Ltd., 423
Leach, T.D., 310-2, 322
Lenkhurt Electric Local 19 (Saskatoon), 335
Lennox, Haughton, MP, 128
Lesson, Howard, 373, 392, 401, 430, 451
Licensed Victualers' Association, 184, 186
Lightel, 400
Lighthall, William D., 28, 31, 34, 38
Lindelay Brothers (Spokane), 105
Lingenfelter, Dwain M., 432
Lipset, S.M., 48-9
  Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan, 48
Lloyd, Woodrow S., 341
Lloydminster Heavy Oil up-grader, 432
Lobsinger, Emellia, 157
Local Government Board, 152, 166, 178, 187, 193, 217, 243-4
Long-distance circuits, 41, 43
  nationalization of, 39
Long-distance network, 12, 23, 41
Long Distance Telephone Company (Philippines), 419
Long-distance trunk lines, 10, 20, 22-4
  public ownership, 30-2, 35, 38-9
Loptson, S. (Churchbridge), 151
Lutz, Otto, 5-6

M

McAuslane, Alex, 318
McBain, G.L., 170
McConnell & Ferguson (Montreal), 255
McConnell, Howard, 238
McConnell, J.H., 99
McCool, C.W., 223
McCormick, Gillis D., 265, 285, 324, 326, 334, 341, 350, 360, 362-4, 366-7, 420
MacDonald Commission on Economic Development Prospects for Canada, 395
Macdonald, E.A., 31
McDonald, Hector Y., 189
Macdonald, J. Stuart, 16
MacDonald, Ramsay, 200
MacEwan, Grant, 156
McFarlane, Lewis B., 11, 22, 84
McFarlane, Paul A., 251, 255, 258
McFee, D.C., 102, 103
McGilvry, Rod (Nesbitt-Burns), 433
McGregor, G.P., 98
McHugh Minerals Ltd., 292
Macintyre, D.E., 3-5, 7, 155
Macintyre, John, 51-2, 55
McIvar, D.W., 98
MacKay, Harold H., 432
Mackenzie, Prime Minister Alexander, 8, 110
Mackenzie, Sir William, 250, 256
Mackenzie King, Prime Minister William Lyon, 221, 248, 250-1, 253, 313
McKindoe, Robert, 243
Mackintosh, W.A., 134
McKissick, Mr., 101
Maclean, W.F. Billy, 31, 34, 36-7, 40, 63
McLeod, J., 142
McLeod, M.H., 108, 157
McLeod, T.H., 278-9
McNab, Archibald P., 186, 189, 220-1, 248, 255
McNab, Dugold C., 81, 87, 98, 100-1, 109, 128, 133, 135-6, 138, 145, 150, 152-3, 157–62, 165, 167–9, 171-2, 189, 228
McNamee, Mrs. T.D. (Kuroki), 161
McPherson, A.J., 187
McPherson Commission, 392
MacPherson, M.A., 222, 230
McRae, A.D., 259
Mahoney, W., 333
Maier, W.J., 64
Manitoba Free Press, 12, 23, 191
Manitoba Hydro, 433
Manitoba Telephone System (MTS), 255, 386, 394, 398, 433, 436, 449
Manitoba telephones, 43-5, 57, 63, 217, 225-6, 230-1, 233, 262, 323, 332
Mann, Sr. Donald, 133, 250
Maritime Telegraph and Telephone Co, 255
Marjoribanks, Miss Jessie, 98, 101, 197
MARTENS®
  SwitchGate®, 422
Martin, William, Premier, 2-3, 82, 160-2, 165, 172-5, 178, 184, 192-4, 199-200, 203, 207-8, 219-20, 223
Medhurst, S.B., 324, 341, 363
Media and Transaction Services, 415
Medicine Hat *Weekly News*, 192
Meldrum, John, 429
Metcalfe, James, 173

MICA (MARTENS® International Clients Association), 422
Microwave channel, 339
Middleton, James, 170
Milestone Farmers' Mutual Telephone Company, 73
Milestone Southwestern Telephone Company, 73
Mill, John Stuart, 25
Millar Western Pulp Company, 377
Millen, William, 96-7, 99, 101
Miller, R.H., 173
Milne, George, 255
Milner, R.H., 329
Miners, strikes (Estevan) (1931), 305
Mitchell, Bob, 401
Mobile-telephone, 398
Moffat, Frank B. (Weyburn), 172
Molloy, T.M., 211
Monopoly (of phone service), 10, 12, 16-7, 24, 26-7, 30, 39
Montreal Gazette, 71
Montreal *Watchman*, 195
Moose Jaw *Daily News*, 192
Moose Jaw *Evening Times*, 247
Moose Jaw-Wood Mountain line, 16
Moosomin *Courier*, 14
Moosomin Telephone and Light Company, 20, 56
Morning Leader, See Regina Morning Leader
Mosher, A.R., 314
Mossop, Eleanor, 315-6
Motherwell, W.R., 61-2, 134
Muirhead, Stuart R., 276, 285-7, 291, 298, 325-6, 329, 333, 338, 341, 364
Mulock commission, 35, 43-4
Mulock, Sir William, 34, 36-7, 42, 64
Mulroney, Brian
  government of, 389-402
MULTICOM III telecommunications service, 348
Municipal governments
  local telephone franchises of, 32
  subscription costs of, 30
  See also Telephones, municipal ownership
Municipal ownership principle, 39
Municipal Telephones Act, 124, 165, 244, 298
Munnoch, G.B., 147, 234
Munnoch, G.B. & Company, 228-9
Munnoch report, 229-30, 232-5, 343
Mutual Life Assurance Company of Canada, 178

N
Nadeauville Rural Telephone Company, 152
NAFTA (North American Free Trade Agreement), 434
National Bell Telephone Company, 10-1, 27, 74
National Pole Company (US), 105
National Selection service agency, 313
National Telephone Company, 65
National Telephone Exchange Association of America, 195
National Union Government, 87, 192
National Union of Telephone Workers, 332
Neff, Oliver, 20
Nelles, H.V., 9, 16, 27, 34, 37, 40, 45-6, 150, 153, 195, 250
Nelson, Arnold L.M., 366
Network Management Center (Regina), 344
New Brunswick Telephone Co., 255
New Democratic Party, 341, 352, 367, 372-3, 375, 377, 391, 430, 432
Niemczyk, John, 3
Nollet, I.C., 276
NorStar Telecommunications (Vancouver), 421
Nortel, 450
North Battleford *News*, 219
North Eastern Saskatchewan Rural Telephone Companies Association, 242
North West Mounted Police (NWMP), 18-9
  telephone system of, 13-4, 17
North Western Electric Company, 188
Northern Electric Company, 105, 234, 331
Northern Electric Local 19 (Regina), 335
Northern Electric and Manufacturing Company, 139
Northern Radio-Telephone Service, 344, 352
Northern Telecom (US), 418, 421
Northern and Western Electric, 29
Northwest Resistance of 1885, 14, 17, 22
Northwest Telephone Company, The, 21, 73
Northwestern Telephone Company, 116, 131
NovAtel Communications (Alberta), 421
NST Network Services, 421-2

O
O'Brien, 198
1+ dialing, 406
1-900 dialing, 405
Owram, Doug, 7, 40-1

P
Page & Hill Company (Spokane), 105
Pall Mall Gazette, 14
Palmer, C.G., 308, 314-6, 323, 329-30, 332-3
Parke, Roderick J., 27
Paterson, F.C., 87
Pathfinder, 405
Patterson, William J., 166, 178-9, 221, 225-36, 240, 248, 270, 277, 303
Paul, Thomas, 21
Pearson Navigation Company, 141
Pension legislation, federal, 333
Peoples Telephone Company, 39
Personal Communication Services (PCS), 439
Peters, Henry, 333
Peterson, Charles W., 42
Phenix, 22, 53
  See also Daily Phenix
Phin, R.J., 102

Photograph transmissions, 279
Pickett, A.A., 206
Pioneer life, 3-4, 6-7, 47, 51
Pioneer Lumber Company (Moose Jaw), 104
Pipe, Stan, 361
Pirie, Cy H., 324, 326
Pitsula, James M., 436
Pollard, Mrs. Harriet J., 198
Pollock, Jessie (operator), 198-9
Pomeroy, Fred, 335, 430
Porter, Sidney P., 71, 94, 97, 101, 103, 106-9, 121, 126, 130, 132-3, 135-6, 142, 144-5
Porter, Sydney A., 151-2, 169
Postal service, 23, 34, 38
Potash Corporation of Saskatchewan, 388, 432
Prairie isolation, 3-8, 22, 42, 48
Prairie Liberalism, 83
Prairie Microwave Network, 344
Prairie settlements, See Settlements
Prang, Margaret, 252, 259, 263
Prince Albert Pulp Company, 387
Prince Albert Trades and Labour Council, 203, 207
Prince Albert Wood Workers' Union, 331
Private Branch Exchange (PBX), 215
Private Telephone Company, 43
Progressive Conservatives, 371, 432
Progressive, The, 221
Provincial Action Committee on the Economy (PACE), 432-3
Provincial Corrections Center (Regina), 345
Public Accounts Committee, 283
Public Ownership League of America, 184
Public ownership, principle of, 26, 29, 37-8, 40, 43-5, 47, 59-61, 65
Public Relations Policy for Crown Corporations, 345
Public Service Act, The, 273, 308, 387
Public telephone system, 95
  Telephone Replacement Account, 94
Public utilities, 3, 7, 35, 39, 50, 270, 278, 280-1
  franchises, 27, 31, 35
  municipal ownership, 27-8, 36, 82, 91
  nationalization of, 67
  private control of, 69
  public ownership of, 25, 27-8, 33, 36-7, 40, 48, 59, 61, 272, 277
  telephone as, 25
  See also Telephone utility
Pugsley, William, 71

Q
Qu'Appelle Board of Trade, 58
Qu'Appelle Valley Farming Company Limited, 14
Queen's University (Kingston), 363

R
Radio broadcasting, national network, 251-4, 258, 261, 263
Radio (CBC) transmission networks, 251, 256, 279, 293, 357
Radio-Telegraph Act, 251
Railway Act (1903), 36, 39-40, 70, 397
  amendments to, 399
Railway companies, 3-5, 8, 16-7, 35-6, 38-9, 48, 53-4, 56, 70, 78-9, 134, 158, 261-3
  exclusive contracts with Bell Canada, 30, 40
Railway development, 62
Railway lands, 7, 17
Railway stations, 7, 34, 37, 52
Railways! Roads! Telephones!, 89
Ratzloff, Tobias (Waldheim), 170
RCAF, 249
Reagan, Ronald, 374, 391
Rees, R., 53
Regina Blazers, 17
Regina *Daily Standard*, 54, 59
Regina *Leader*, 1-2, 13-4, 18-20, 22-3, 51, 54, 127
Regina *Leader-Post*, 303, 320, 433
Regina Manifesto, 269-70, 272
Regina *Morning Leader*, 88, 115-6, 150, 157-8, 176, 184, 193, 196, 197, 202, 205-6
Regina Plumbing and Heating Company, 188
Regina Post, 176, 192
Regina telephones, 43
Regina Trades and Labour Council, 58, 206, 212
Regina Trading Company, 86
Regina, University of, 363, 405, 434
Rehoming, 404
Reid, A.N., 299-300
Remote Call Forwarding, 405
Renaud, Bert, 333
Riel, Louis, 16-7
Robinson, F.J., 189
Roblin, Premier Rodmond, 44-5, 57, 60, 63
  government of, 45, 62, 124, 128, 381
Robson, Don, 287, 289, 328, 361
Robson, M., 104
Robson, M.L. (Maple Creek), 151
Rogers Communications Inc., 449
Rogers, G.H., 26
Romanow, Roy, 401-2
  government of, 377, 391, 400, 428, 430-3, 438, 449
Rose, Jonathan, 261
Ross, S.L., 122
Ross, T. Burrows, 104
Roughsedge, Dr. W.H., 103
Rowe, Bert, 350
Royal Commission on Agriculture and Rural Life, 298
Royal Securities Corporation, 166
Royal Society of St. George, 154
Royal University Hospital, 345
Rubbering, 409
Ruemper, Roy F., 314-5, 324, 331
Rural Individual Line Service (ILS), 354-5
Rural Service Improvement Program (RSI), 353-4, 368, 403

Rural Telephone Companies Association, 293, 300
Rural Telephone Act of 1913, 243
Rural Telephone Act of 1928, 218
Rural telephone issue, 69, 77-9, 81-5
Rural Telephones Act, 89, 122, 126-7, 133, 135-7, 140, 142, 145-6, 149, 153, 165-8, 173, 175, 349
Rutherford, Alexander C., 46, 124-5, 381

S
St. James Gazette, 22
Saltcoats District Telephone Company, 131
Saskatchewan
  agricultural sector in, 158, 160, 177, 224, 238, 247-9, 264, 270-1, 340, 359,
  business value of telephones, 181
  CCF support in, 341, 367
  charges for long-distance and tolls, 226
  competition
    among brokers, 166
    of independent companies, 123-4
  connection of farmers' systems, 164, 167, 169-70, 172-3, 175, 178, 349
  construction of new exchanges, 163
  control of local exchanges, 150, 154, 156, 167, 172
  cooperative system of rural ownership, 48, 77, 83, 88, 93
  cost of telephone service, 236
  costs of construction, maintenance & operation, 225
  Crown corporations in, 278, 340-2, 372, 377, 385, 411, 437
  democratic socialism in, 340
  depression in, 237-8
  development of telephone service, 53
    and integration of telephone service, 122, 135, 146
    of long-distance trunk lines, 152
  drought in, 237-8, 241, 247-8, 264
  economic recession in, 159, 165-6, 177, 213, 241, 245, 247-8, 256, 267
  Electronic Data Processing Centre, 294
  expansion of telephone system in, 286-7, 295-6, 299, 303
  expense of operating telephone system, 132, 137, 140
  expense of rural construction, 225, 232, 235
  extension of service, 151-2, 159, 166, 168, 217, 220, 226, 240, 243, 244
  farming techniques in, 247
  federal regulation in, 437
  government-owned system
    long-distance network, 92, 181, 194, 201
    plant, 218, 238
    telecommunications network, 50, 58, 61, 68, 161, 164, 169, 175-8, 183, 218, 238, 261-2, 264, 267, 443
  immigration in, 50-1, 160
  integrated telecommunications network, 181, 184
  interruption of service, 151
  joint telephone system, 183
  labour in, 199-200, 305
  land prices in, 53
  local telephone service, 128
  locally owned and managed companies, 217
  long-distance service, 75, 77, 79, 82-3, 89, 121-2, 125, 128, 130-1, 135, 137, 141, 143-4, 149-50, 157-8, 161-3, 165, 167, 172, 215, 257, 342, 368
    trunk lines, 94, 102, 107, 119
  microwave channel in, 339, 344, 353
  municipal councils for local exchanges, 92
  municipal telephone systems, 57, 68, 80-1, 122
  northern telephone service, 353, 355
  policy of public ownership, 453
  political patronage in, 247-8
  potash production in, 351
  private enterprise and natural resources, 340-1
  prosperity in, 52
  public ownership
    of telecommunications system, 56, 62, 73, 80, 82, 85, 89, 118, 123, 149-50, 181, 193, 214-5, 218-9, 275-6, 284-7, 295, 300-1
    of trunk lines & locally owned farmers' systems, 149-50, 226, 238-40
    of utilties in, 47, 49-50, 57, 236, 367, 434-6
  purchase of Bell's assets, 127-8, 149
  purchase of private systems, 132, 165
  radio network in, 339
  railway development, 89, 133, 135-6, 158
  rate schedules, 225
  recession in, 221
  reorganization of economy, 248
  review of Crown Corporations, 432, 451
  rise of unemployment, 158
  rural connections, 149, 171, 173, 175-6, 179, 267
    development of telephones, 77, 79-85, 88
    ownership of rural telephones, 136, 143-4
    subscribers in, 445
    system construction, 166-7, 174, 176, 232, 243
    telephone exchanges in, 445
    telephone legislation, 152
    telephone policy, 92, 98, 101
    telephone service, 50, 348
    telephone system, 122, 133, 135-9, 144, 145, 170, 217, 219, 222, 230, 233, 236-9, 242, 244, 297, 299-301
  satellite service in, 356
  service to northern communities, 404
  single communications network, 107
  social control of public utilities, 48, 57
  social value of telephones, 181
  strikes in, 199, 201
  tariff for telephone service, 153
  telecommunications system in, 73, 79, 83, 88, 122, 124, 350-1, 358, 366, 368, 437
  telephone system in, 56, 217, 222, 233, 245, 348
    construction, 152, 167, 182
    contributing to growth of, 135
    debt, 236

    development in north, 217
    development in, 47, 213, 248, 263
    facilities in, 236
    line construction, 102-5, 107, 119
    maintenance and operations, 94, 107, 182-3
    ownership in, 56
    plant in, 304, 311-2, 340
    policy, 183
    as public system, 344
    workers in, 306, 315-8, 320-1
  tornado damage, 155-7
  trades and labour council in, 305
  union movement in, 328, 335
  urban development across, 55
  wheat economy, 48, 52-4, 217, 237, 241, 264, 270, 272, 297
Saskatchewan Association of Rural Municipalities, 173
Saskatchewan Commonwealth, 269, 317-8, 321
Saskatchewan Computer Utility Corporation (SaskComp), 388
Saskatchewan Cooperative Elevator Company, 220
Saskatchewan Federation of Labour, 331
Saskatchewan Forest Products, 388
Saskatchewan French Canadian Cultural Association, 346
Saskatchewan Government Employees' Association (SGEA), 304, 308
Saskatchewan Government Insurance (SGI), 319, 376, 388, 432
Saskatchewan Government Printing, 387
Saskatchewan Government Telephone Plant Employees' Association (SGTPEA), 304–6, 309–17, 321-2, 330
Saskatchewan Government Telephone School, 170-1, 183, 233, 257, 298
Saskatchewan Government Telephones (SGT), 255, 293, 298, 329, 392
  accountability of, 284
  achievements of, 337-8, 351
  administration and operations, 278-9, 283, 292, 350, 360-1
  and CCF rule, 338-9, 342-4, 349, 351, 353, 373
  as Crown corporation, 337-9, 342
  automatic dialing, 338, 344-5, 348
  buried cable program, 294, 339, 344, 349
  capital expenditures of, 343, 349
  computer communication services in, 345
  construction program, 285, 287, 337
  contracting out in, 387
  direct billing, 349
  donations to charities, 346, 347
  effects of global recession on, 371-2
  government-owned plant, 280-1, 337, 339, 345, 347, 349, 351
  labour relations at, 322-28, 330
  local telephone service, 338
  long-distance facilities of, 337, 344, 351
  maintenance and operation of, 337, 349
  management training at, 363
  mobile-telephone facilities, 339, 345
  public ownership in, 378-9, 381, 391
  public relations initiatives, 346
  rate schedules for, 338
  recruiting engineering students, 363
  rural agrarian populism, 373
  rural systems connection, 339
  social democracy in, 373, 375
  subsidization of private industry in, 377
  technology in, 289-90, 295, 346, 350-1
  telecommunication services in, 383, 393, 395
  telephone revenues in, 343, 351
  telephone system in, 291, 384-5, 390
  territorial reorganization of, 296-7, 300-1
  transfer from Dept. of Tel., 275-6, 300
Saskatchewan Government Telephones Act, 279
Saskatchewan Grain Growers' Association (SGGA), 58, 89, 160, 177, 207, 220, 223
Saskatchewan Grain Growers' Guild, 177
Saskatchewan Human Rights Commission, 367
Saskatchewan Liberal Association, 181
Saskatchewan Minerals Corporation, 388
Saskatchewan Mining Development Corporation, 388
Saskatchewan Power Commission, 275
Saskatchewan Power Corporation, 356
Saskatchewan Reconstruction Council, 303, 313
Saskatchewan Relief Commission, 240
Saskatchewan Rural Telephone Companies Association, 297-8
Saskatchewan Safety Council, 362
Saskatchewan School Inspectors' Associations, 154
Saskatchewan Telecommunications Act of 1978, 384
Saskatchewan Telephone Company of Moose Jaw, 73, 79, 122, 129, 142, 149
Saskatchewan Telephone Company, 20, 56
Saskatchewan Telephone and Electric Supply Company, 21, 56, 131
Saskatchewan Trade Union Act, 314
Saskatchewan Transportation Company (STC), 432
Saskatchewan, University of, 374
  "tele-lecturing" at, 345
  closed-circuit television network, 345
  College of Engineering, 363
Saskatchewan Wheat Board, 248
Saskatchewan Wheat Pool, 270, 373
Saskatoon *Daily Star*, 191, 205, 207
Saskatoon Milling & Elevator Co., 220
Saskatoon Trades and Labour Council, 203, 206
SaskEnergy, 388, 432
SaskOil, 387, 432
SaskPower, 376, 388-9, 432-3
SaskTel (1969), 157, 297, 390, 392, 350-2
  achievements of, 403, 453
  advance technologies in, 357-9, 361, 364-5, 382, 402-3, 406, 409, 411-2, 425, 432, 439, 453
  buried cable program, 353-4, 357
  as cable provider, 393

  - capital expenditures of, 440
  - cellular telephone service, 406-7
  - Chunnel Tunnel project, 423
  - communication services for, 398
  - and competition, 407-8, 411-2, 426-8, 431, 435, 439, 445-6, 448-50
  - corporate restructure of, 412-3
  - cross-subsidization in, 435, 437, 439-40
  - as Crown Corporation, 359, 366, 403, 405, 415, 424, 426-8, 433, 444, 449
  - culture, innovative, 409
  - deregulation of, 407
  - dial conversion program, 365
  - disposal of assets of, 386, 389
  - diversification of, 413, 418, 424, 427, 440-1
  - employee relations, 362, 364
  - and federal regulation, 407, 411-4, 425, 427, 430, 435, 440, 448-9
  - future as Crown Corporation, 373, 375-6, 380, 384, 386, 394, 400, 403, 452
  - in global marketplace, 432
  - as government-owned utility, 352, 355, 359, 362, 369, 412, 445-6, 448, 450, 453
  - integrated provincial network, 354-5
  - Internet for Schools program, 415
  - labour relations at, 408, 428-30
  - long-distance rates, 358
  - loss of monopoly on sets, 385, 403
  - management practices, 361-2
  - merger with MTS, 433
  - mission statement of, 383
  - mobile radio system, 356
  - as monopoly, 383, 389, 395, 398, 431, 446, 453
  - moratorium on deregulation, 401, 412-4, 448
  - multi-party circuits, 353-4
  - operating expenses at, 412
  - place in fabric of Saskatchewan, 453
  - privatization debate over, 375-6, 381, 385, 389, 396-7, 402, 407-8, 419, 438, 451
  - provincial long-distance network, 406, 437
  - public relations initiatives, 360
  - rate reductions in, 412, 427
  - rate regulation in, 382, 391, 394
  - regulations on, 396, 399-401, 403, 408
  - reorganization plan for, 365-7
  - revenues of, 395, 410, 441
  - rural telephone service, 353, 415, 453
  - service to northern Saskatchewan, 404
  - staff recruitment plan, 364
  - staff training at, 361-2
  - strikes at, 357, 427, 429-30
  - subscribers of, 404-5, 410-1, 413, 415-6, 421
  - telecommunications network of, 369, 409, 411, 4134, 425-6, 437, 444, 453
  - as *Total Solutions Provider*, 426
  - use of fibre optic networks, 358-9
- SaskTel International, 389, 407, 418-9, 423-4, 427, 435, 437, 440, 451-2
  - fibre-optic cable projects, 421-2
  - microwave-radio systems, 420
  - Municipal Telephone Project (Philippines), 419
  - network integration services, 419
  - rural telephone system, 420
  - TelicPhil, 419-20
- SaskTel Mobility, 416, 427, 437-8, 440, 447
- SaskTel Store, 408
- Satellite communications, 351, 356
- Saturn Communications Ltd. (NZ), 422
- Sclanders, F.M. (Saskatoon), 151
- *Scott Government's Progressive Telephone Policy, The*, 89
- Scott, Walter, 6, 52, 56, 58-65, 68, 71-3, 76, 80, 83, 87-90, 96-9, 101-3, 106, 109, 119, 123-5, 128-9, 133, 140-3, 151, 153-4, 160, 186, 190-1, 207, 219, 305
  - government of, 55-8, 60-2, 68, 71-5, 78-9, 82-3, 85-6, 89-90, 92-3, 96, 100, 103-5, 107, 115, 118-9, 122-4, 126-8, 132, 134, 136, 140, 144, 150, 152-3, 159, 181, 184-5, 194, 381, 443-4
- Scott, William T., 125-6
- Select Committee on Crown Corporations, 339
- Select Committee on Dominion Telephones, 57
- Select Committee on Telephone Systems, 58
- Select Committee on Telephones (1905), 37, 43, 64, 66, 68, 84
- Select Standing Committee on Crown Corporations, 283-4
- Select Standing Committee on Railways, Telephones and Telegraphs, 235
- Settlements, 4, 7-8, 43, 47, 49-51, 55, 58, 91
- Shalmark, Dr., 154
- Shepherd, George, 3, 5-7, 134, 140, 152, 159
- Sheppard, J.A., 129, 186, 190
- Sherman, Harry B., 214
- Shumiatcher, Morris, 325-6
- Sifton, Clifford, 83, 87, 103
- Sifton, W.P., 166-7
- Silverthorne, C.D., 314
- Simons, Garry, 334, 372, 419-20, 423, 425, 451-2
- Simpson Video Communications, 417
- Sise, Charles F., Jr., 124-6
- Skinner, C., 39
- Smith, C.F., 88, 121
- Smith, David, 56, 83, 90, 100, 109, 223, 235
- Spafford, Dufferin, 40, 47, 56-7, 61, 64, 92-4, 144, 146, 153, 177-8, 230, 241-3, 273, 277-8, 280-2, 284, 298, 301, 339, 343
- Spanish influenza (epidemic), 205-6, 211
- Special Committee on Reconstruction and Re-establishment (Ottawa), 303
- Spencer, George, 289, 362, 365, 396
- Spring-Rice, G., 142-3
- Sprint Canada, 449-50
- Standing Committee on Public Accounts and Printing, 193
- Standing Select Committee on Public Accounts and Printing, 283
- Stein, Kenneth, 375
- Stentor Canadian Network Management, 416, 440, 450
- Stephen, George, 106, 283

Stoddard, John Lawson, 4
Sise, Charles F., 11-12, 17, 22, 37
Strobbe, Mark, 375
Sun Electric Company, 188-9
Superannuation Act, 307, 412
Sutherland, James, 86-7, 97-8, 100-1, 107, 109, 126, 137, 141, 143
Sutherland, W.C., 58
Sutton, J., 188
Swarbrick, Frances, 323
Swinyard, Thomas, 10-11
Switchboards, 20, 289
Sydenham Rural Telephone Company, 142

T
Talbot, Bill, 242
Tanzania Railway Corporation, 421
Tanzania Telecommunications Corporation Ltd. (TTLC), 421
TASC ("Talking About Saskatchewan Crowns"), 433-4
Taussig, F.W., 26
  Principles of Economics, 26
Taylor, A. Perring, 214, 228
TelCare, 438
Telebonds, 408
Telecom Canada, 395-6, 398, 405-7, 416
Telecommunications Act (1992), 399-402
Telecommunications, digital, 357
Telecommunications industry, 249, 347, 352, 392-3, 425, 441, 453
  competition in, 382, 385, 396, 398, 413, 431, 440
  cross-subsidization in, 380-2, 389, 395-8
  and globalization, 439
  as natural monopoly, 153, 380-3, 390, 397
  and regulation, 385, 391, 394, 399, 439
  privatization of, 382
  as public utility, 379, 407, 432, 436, 438
  rate increases, 162, 174, 449
  tariff structure, 153, 167
  technology in, 369, 403, 406, 424
Telecommunications research, 409
Telecommunications system, 296
Telecommunications system, fibre-optic, 357-8
Telecommunications technologies, 369
Telecommunications Workers' Union (TWU), 329, 333-4
Telegraph companies, 11, 17, 37, 67, 70, 256, 261, 263, 391
Telegraph lines, 15-16
Telegraph service, 3, 11, 15-16, 22-3
Telephone Act (1908), 93-5, 182, 217, 242, 244
Telephone Act (1913), 182, 217, 238, 243, 267, 276
Telephone Answering Service, 335
Telephone Association of Canada (TAC), 220-1, 250, 254-5, 257-8, 260, 277, 392
Telephone companies, 16, 26, 36, 39, 308, 334
  farmers'
    companies, 182, 199, 205, 209, 267, 349, 354
    cooperatives, 222, 242
    firms, 218, 232, 239, 243-4
  federally chartered, 39
  independent, 29-31, 33-7, 40, 43, 65-7, 149
  privately owned plants, 149
  provincially owned, 385, 398-9
  rural
    companies, 171-2, 177, 183, 185, 189, 266-7, 298, 331, 339, 348-9, 354
    cooperatives, 150, 152
    firms, 217, 232-3, 235-6, 241, 244
Telephone debentures, 152-3, 166, 168, 173-5, 177-8, 182, 218, 232, 235-7, 239, 241-4, 267, 279, 299
Telephone development, 8, 12, 15, 21, 38, 43, 62, 66, 325
Telephone directories, 153-4, 165, 216, 296
Telephone employees, 265-6, 306, 334, 350, 365, 429
  benefits of, 311
  collective agreement, 312
  collective bargaining, 303, 320
  grievances of, 207, 308, 313, 320-1
  growth in, 195, 286,
  labour relations, 200, 241, 303, 305
  reduced rates for, 328
  union membership of, 306, 308, 316, 319-20
  wage schedule of, 201-2, 208-10, 310, 314, 327
  work conditions, 201-2, 208, 210, 311, 319
Telephone enterprise, 277, 279-80, 282-3, 288
Telephone exchange, 19, 122-3, 126-7, 130, 132
Telephone facilities, 35, 63
Telephone franchise, 20-1
Telephone girls, 144, 195-8, 208, 211
Telephone industry, 11, 26, 34, 36, 42, 67-8
  See also Telecommunications industry
Telephone legislation (bill), 32, 37, 61, 207, 218
Telephone licensing, 10
Telephone lines, 16, 20-2, 24, 70, 303
Telephone link, nationwide, 251
Telephone markets, 17
Telephone monopoly, 17, 22-3
Telephone museum, 293
Telephone network, national, 250
  uniform rates and practices, 255
Telephone operators, 202, 284, 289, 291-2
  criticism of, 198-9
  salaries of, 199, 204-5, 209-11
  strike of, 184, 194, 200-1, 210, 304
  suitability of women, 195
  working conditions, 197, 210
Telephone patents, 10-11, 16
Telephone Pavilion, 347
Telephone Pioneers of America, 293, 328, 329, 346, 415, 438
Telephone poles, 12, 279, 285, 300, 443
Telephone policy, 45, 231
Telephone privileges, 12
Telephone reform, 26, 43
Telephone regulation, 25

Telephone rental, 309-10
Telephone rural troublemen, 298
Telephone service, 13-15, 20-2, 37, 40, 284, 286, 298
  applications for, 354
  automatic exchange equipment, 183, 189
  cellular, 406-7
  for farmers' community, 59, 61, 353
  for handicapped, 356
  in rural communities, 443
  independent, 39
  municipal, 38, 66, 76
  nationalization of, 32-5
  northern, 353
  Saskatchewan model, 184
  universal access to, 381, 383-4
Telephone services, 92, 446
  Advantage Plus™, 416
  call management, 355
  caller identification, 355
  cellular, 439, 447
  farmers' telephones, 92
  FleetNet 800 network, 416
  government ownership of, 91
  Internet connections, 355
  long-distance lines, 92
  Microlink, 415
  publicly owned, 91, 92
  QuantumLynx™, 415, 418
  Real Plus Extra™, 416
  Real Plus™, 416, 447
  Sympatico™, 415
  TalkMail, 416
  as utility, 94
Telephone strike of 1918, 208, 212
  affect on rates, 202-3, 207, 209
  affect on service, 205-6, 211
  board of arbitration, 202-3, 207-8
  schedule of wages, 202-4, 207, 210-2
  trouble men, 206
  walk-out of employees, 206, 209
Telephone sets, 337
  loss of monopoly on, 385-6
Telephone subscribers, 16, 25-6, 67, 285-7, 289, 291, 300, 351-2, 354, 356, 365, 380, 393, 397, 404, 410-1, 415-6, 421, 445
Telephone system, 8, 12, 14, 18-22, 273, 282, 286, 344, 444,
  applications for service in, 266, 285, 287
  automated technology in, 288-91, 293-6, 300
  construction and operation of exchanges, 123, 135, 140, 144, 181, 189, 284-6, 288, 293
  as cooperative ventures, 82
  cross arms, 103, 105-6
  as crown corporation, 288
  debenture issues, 146, 147
  direct-dialing technology, 140
  equipment of, 266
  farmers systems, 38, 182, 331, 353
  government ownership of, 69, 288, 300
  hearing-impaired equipment, 295
  local exchange connections in, 288, 291
  long distance network, 292, 297, 285
  magneto systems, 14, 289-90
  manual switchboards, 183, 194, 197
  metallic circuits, 182
  microwave relays, 292-4
  monopoly approach, 124
  municipal, 70
  northern communications, 297
  party-line circuitry, 140
  private franchises for, 14, 70
  public system, 8, 34, 42, 60, 62, 70-1, 286
  as public utility, 92, 118
  requirements for, 266
  right-of-way, 102, 107-8, 129, 279
  rural system, 136, 285, 288, 291, 298-301, 354
  scatterwave radio system, 297
  speaker-phone, 290
  standardized building specifications, 182
  switchboards in, 289, 300
  telephone poles, 102-7, 109, 139, 142-3, 145-6, 182
  telephone rates, 296
    in Canada, 11, 286, 288
  touch-tone telephones, 290
  underground cable, 294
  See also Telephones
Telephone taxes, 232, 235, 242-4
Telephone technology, 260, 291, 293-5, 348-9, 351, 380, 382, 398-9, 424
  advances in, 260,
  Asymmetric Digital Subscriber Line (ADSL), 415
  automated dialing, 344
  automatic, 288-90, 296, 300, 352, 365,
  broad-band fibre-optic system (BBN), 404, 406, 414, 417–9, 421, 423, 444
  digital technology, 404-5, 417
  fibre optics, 357-8
  Internet connections, 358, 415, 422, 438, 440, 447
  microwave systems, 344, 350, 357-8, 420
  mobile-telephones, 344-5
  satellite communications, 350-1
  touch-tone dialing, 345, 356
Telephone and Telegraph Act of 1940, 278
Telephone Topics, 320-1, 333
Telephone utility, 271, 275, 283-4, 346, 351, 389-90, 396
  expansion of, 277, 286
  as monopoly, 278, 342
  public ownership of, 381, 391, 393, 402
  reorganization of, 276
  See also Public utiltities
Telephones, 3, 5, 7-16, 19, 22, 52
  as modern invention, 42, 53
  as natural monopoly, 26, 36, 38, 57, 60, 66, 123
  as privately owned utility, 231, 235
  as public utility, 280

as social instrument, 123, 134, 136-7
automatic switching system, 158, 216, 235, 244
battery powered, 116-7
calculograph in switchboard, 116
competition for, 27
conductor, copper, 112-3
cross arms, 214
cross-country circuits, 164
dial telephones, 157
direct-dialing, 239, 244-5
equipment manufacturers, 29-30, 33
exchange, early, 112-3, 118
farmers, 300-1
    decrease in service, 241
    farm circuits, 56
    farmers' firms, 298, 300
    systems, 284, 287, 297-301
    telephones, 218, 236, 241, 243
franchises, 28, 30, 32-3, 39
government ownership of, 59, 71
importance of on Prairies, 134
independent exchanges, 35, 41
innovations in, 110, 113, 119
local exchanges, 68
local lines to municipalities, 62, 67-8
long-distance, 43
    direct dialing, 165
    lines, 66-8, 337
    and rural circuitry, 56-7
    service, 74
    tolls, 76
machine switching, 111
magneto technology, 110-1, 115, 118, 139-40, 164, 244
manufacture of, 11
metallic circuit, 113
mobile, 294
as monopoly, 26
municipal ownership, 30, 33-4, 39
national network, 12, 15, 23
operation and maintenance costs, 152, 161-3, 167, 169-70, 175
overcoming isolation, 134
ownership and operation of rural system, 242
part of social fabric, 69
practical value of, 69, 79
public ownership, 29-31, 33-41, 43, 69
right of way, 30, 35, 39, 57, 66-7, 70, 76, 78
rotary dial, 118
rural companies, 284, 288-9, 297, 300
rural service, benefits of, 134
rural system of, 33, 41-2, 62-3, 67
social control of, 39
switchboard operator, 118
switchboards, 113, 115-6, 123, 127, 130, 157-8, 164, 171, 214-5, 245, 255
switching fee, 241-2
telegraphone, 119
telephone poles, 152, 163, 170, 214, 216, 240
transmitter, carbon, 110
trouble men, 233
trunk lines to government, 62
union, 329
user rentals, 18, 33
wide use for communication, 36, 42, 163
See also Telephone system; Western provinces
Telephony (journal), 189, 233
Telesat Canada, 347, 356, 393, 398
Teletype transmission, 338-9, 345
Television, advent of, 263
Television, cable (CATV), 357, 392-3
Television (CTV) transmission networks, 293
Television transmission, 279, 338, 345, 348, 357-8
  closed-circuit, 294, 339, 345
Telmart, 408
Telus Corporation, 436, 449-50
Temperance Colony Pioneer Society, 15
Territorial Grain Growers' Association, 134
Thatcher, Margaret, 374, 391, 423
Thatcher, Ross, 277, 341-2, 373, 375
  government of, 340, 343-4, 347, 351, 386
Thomas, Charles, 129
Thompson, Edward P., 197
Thorne, George, 318
Toronto *Daily News*, 186
Toronto *Globe*, 39
Toronto *News*, 37
Toronto *Star*, 259
Toronto *World*, 32, 37, 42
Touch-tone dialing, 403
TR Services Local 18 (Toronto), 335
Trade Union Act, 303, 304, 316-7, 321
Trade union movement, 199-200, 202-4, 206, 208, 210-1, 304, 306, 314-6, 321, 388, 408
  certifications, 335
  memberships in, 313
  strikes, 408, 429
Trades and Labour Congress of Canada (TLCC) (1886), 199, 305, 313
Traffic Operator Position System (TOPS), 356, 364, 403
Trans-Canada computer communications system, 348
Trans-Canada radio relay microwave system, 338, 344
Trans-Canada Telephone Corporation (TCTC), 392
Trans-Canada Telephone System (TCTS), 249-50, 254-6, 258-61, 263-4, 277, 287, 291, 343, 347-8, 355-6, 359, 369, 389, 392-5, 397, 400, 407, 411
Transcontinental radio-relay microwave network, 291
Trans-continental telecommunications network, 351
Transcontinental telephone network, 254, 258-61, 263
Transistors, invention of, 287
Truaux Rural Telephone Company, 142
Trudeau, Pierre, 392
  government of, 335, 357
TSI (BC Telephone international arm), 407

Turgeon, W.F.A., 186, 202
Turner, T.W., 87
Typographical Union, The, 305

U
Union News, 320
Union of Canadian Municipalities (UCM), 28, 31-2, 34-5, 38, 66
Union of Electrical, Radio and Machine Workers, 330
Union of Manitoba Municipalities, 44-5
Union of Rural Municipalities, 170
Union of Saskatchewan Municipalities, 58, 68
Union of Saskatchewan Rural Municipalities, 146
Union, telecommunications, 334
Unions, rail-way related, 305
United Auto Workers (UAW) (1937), 305
United Auto Workers of Canada, 330
United Farmers' of Canada, 223
United International Holdings (Denver), 422
United Steel Workers of America, 330
United Telephone Workers of Canada (UTWC), 304, 314, 317, 319-20, 329-31, 333
 Central Executive Council, 315, 318-23, 329-32
 collective agreement of, 304, 317-9, 322-7, 330
 contract negotiations, 322, 326-7, 330
 grievances of, 323-4, 326
 membership in, 33, 315-7, 319, 321-2, 324, 330
 seniority issue, 325-6
 strike action by, 327
Unitel, 400
Unserved Area Program, 348, 353
Urquhart, Mayor Thomas, 32, 34

V
Vail, Theodore, 10, 123-4, 126
Van Parys, Fred, 402, 421, 427
 labour relations under, 427-9, 431
 Re-engineering Project, 428
Videotex service (Pathfinder), 368, 405
Vidéotron (Quebec), 449
Vittie, W.F., 99
Voluntary Assimilation Program, 354, 409
Voluntary Early Retirement program, 364
Vorcoe, L., 189

W
Wade, F.C., 189
Walsh, Frank G., 13, 20
Walsh, L.J., 203
Wang Laboratories, 386
Wappella Telephone and Light Company, 73
War Labour Board (Ottawa), 304
War Savings Certificates, 312
Ward, Norman, 235
Warren Commission, 299
Warren, Walter H., 210, 255, 261, 265-7, 284-5, 298, 308-9, 311-2
Warren, William, 87, 121, 127, 141, 163, 165, 213, 221
Wartime Labour Relations Regulations, 304
Wartime Prices and Trade Board, 265, 318
Water systems, 26, 55, 68
Westbridge Computer Corporation, 388-9
Western Counties and South Wales Telephone Company, 65
Western Development Museum, 346
Western Electric Company, 63, 72
Western provinces (Canada)
 construction of rural lines, 45
 demand for telephones, 41-3
 public ownership, 44-6
 telephone development, 44
 urban telephone exchanges, 45
Western Ontario, University of, 362-3
Western Union Telegraph Company, 9
Wetmore Highway Frauds Commission, 187, 191, 193
Wheat Board, See Saskatchewan Wheat Board
White, Frederick, 16-7
Wiens, Bernie, 431
Willey, Christina, 3, 5
Williams, C.C., 271, 276, 282, 303, 322, 343
Williams, N.B., 222
Willoughby, Charles, 186, 189
Willoughby, J.H.C., 21
Willoughby, W.B., 175-6
Willsmer, Harry, 87
Wilson, F. Page, 63
Wilson, Gavin H., 142-3
Winnipeg *Daily News*, 12
Winnipeg Declaration of Principles, 272
Winnipeg *Free Press*, 103, 128
Winnipeg *Telegram*, 191
Wire and Cable Company (Montreal), 104
Wolff, Wolfgang, 376-7
Women in Trades and Technology, 438
Woodman, Alfred H., 154
Woods, J., 88
Woodward, Harry S., 178
Workers' Unity League (1928), 305
Workman's Compensation Board, 305, 328
World Bank, 420, 424-5
World War I, 305, 313
World War II, 311, 313, 325, 337, 350, 371
Wyatt, Ralph, 326-8, 334-5, 361, 450
Wylie, D.J., 186

Y
Yorath, 207
Yorkton North West Electric Company Ltd., 21, 73, 132
Young, E. Marshall, 96
Young, J.A., 276

Z
Zero-plus dialing, 356, 405-6
Zimmerman, Arthur, 36

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Ron Love

A native Calgarian and son of Saskatchewan-born parents, Ronald S. Love was educated at the University of Alberta and the University of Southern California, where he completed his Ph.D. in Early Modern French History in 1987. Returning to Canada, he taught for two years as an Isaac Walton Killam post-doctoral fellow at the University of Alberta and subsequently for ten years at the University of Saskatchewan, where he held a Canada Research Fellowship. The author of four books and numerous articles ranging in subject matter from the 16th-century French Wars of Religion to Franco-Asian contacts during the 17th century to the development of telephone technology in 20th-century Saskatchewan, Love accepted a position with the Department of History at the State University of West Georgia in 1999, where he currently teaches.

SASKTEL

Biography of a Crown Corporation and the Development of Telecommunications in Saskatchewan

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The workers responsible for Saskatchewan's first telephone lines in October, 1887 could not have known that their efforts would be cited over a century later as the beginning of one of Canada's proudest corporations. From this single exchange, with a few dozen subscribers, the history of SaskTel is inextricably linked with the men and women who have made it what it is today. Through their initiative and perseverance, these humble origins have grown to become a successful Crown corporation, delivering industry-leading voice, Internet, and data services to over 450,000 customers.

In this meticulously researched history of SaskTel, author Ron Love traces the development of the corporation and the people who built it, showing how its growth mirrored the growth of Saskatchewan itself. Regardless of the problems they encountered, the employees of SaskTel, past and present, never failed to rise to the challenge at hand. Through their efforts and sacrifices, the corporation has grown to become a world leader in the telecommunications industry.

RON LOVE

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10. Michael Denny, Government Enterprise in Wester Canada's Telecommunications, Economic Council of Canada, Discussion Paper no. 30 (Ottawa: 1986) p. 55.
11. P. Hembrow-Smith to Lewis H. Thomas, Archives Division, Legislative Library, Regina, 22 October 1954, Saskatchewan Archives Board, P-M15 Telephone Commission, 4.16.
12. See, for example: Brett Fairbairn, Prairie Connections and Reflections: The History, Present and Future of Co-operatives (Saskatoon: 1999), and by the same author Balancing Act: Crown Corporations in a Successful Economy (Saskatoon: 1997) and Building a Dream: The Co-operative Retailing System in Western Canada, 1928-1988 (Saskatoon: 1989); Garry Fairbairn, From Prairie Roots: The Remarkable Story of the Saskatchewan Wheat Pool (Saskatoon: 1984); David Laycock, Populism and Democratic Thought in the Canadian Prairies, 1910 to 1945 (Toronto: 1990); Michael Hayden, Seeking a Balance: The University of Saskatchewan, 1907-1982 (Vancouver: 1983).
13. See, for example: Garrett Wilson and Kevin Wilson, Diefenbaker for the Defence (Toronto: 1988); Norman Ward, Jimmy Gardiner: Relentless Liberal (Toronto: 1990); Gordon L. Barnhart, Peace, Progress and Prosperity: A Biography of Saskatchewan's First Premier, T. Walter Scott (Regina: 2000); Dennis Gruending, Promises to Keep: A Political Biography of Allan Blakeney (Saskatoon: 1990); Dave Margoshes, Tommy Douglas: Building the New Society (Montreal: 1999).
14. Allan Tupper, "The Changing Political Environment of Canadian Crown Corporations," in Public Enterprise in an Era of Change, ed., John Allan (Regina: 1998) p. 23.
15. Howard A. Leeson, ed., Saskatchewan Politics: Into the Twenty-First Century (Regina: 2001) p. ix.
16. Garry Fairbairn, From Prairie Roots, p. ix.
17. "Canada's Top 100 Employers," MacLean's, 5 November 2001, p. 51.
18. The second-floor bargaining room at SaskTel's head office in Regina was named appropriately for Ralph Wyatt, who served as National Secretary of the Communications Workers of Canada and the CEP. The Degenstein Switch Center on Lorne Street in the Saskatchewan capital was dedicated to the former President of SaskTel and Deputy Minister of Telephones, as was the Nelson Auditorium, also at the corporation's head office. Finally, the head office building itself, hitherto known as the Cornwall Centre, was re-christened McCormick Place for the one-time General Manager, President and Deputy Minister of that name. ("Bargaining Room Renamed in Honour of Ralph Wyatt," The Busy Signal, vol. XII, no. 2 (July 1999): p. 1.)

Endnotes to Chapter 1

1. Acts of the Parliament of the Dominion of Canada Passed in the Session Held in the Fourth and Fifth Years of the Reign of His Majesty King Edward VII. Being the First Session of the Tenth Parliament (Ottawa: 1905) Chapt. 42, p. 201 (cited hereafter as Statutes of Canada).
2. Leader-Post, Regina, 6 September 1905.
3. According to John Blue ("Alberta and Saskatchewan"), from 1870 to 1905 the Territories "were practically a colony of the Dominion of Canada, and stood in a similar relation to the Federal authority of Ottawa as Canada formerly stood with respect to the Imperial authority in London." (Henry J. Boam, comp., The Prairie Provinces of Canada: Their History, People, Commerce, Industries, and Resources (London: 1914) p. 47.
4. August Dahlman, "Recollections and Reminiscences," Saskatchewan History, vol. XI, no. 3 (Autumn 1958): p. 111. (Cited hereafter as SH.)
5. The Canada Year Book 1905, 2nd series (Ottawa: 1906) p. xv. The other two world powers were the Austro-Hungarian and Russian Empires. Additionally, noted the Year Book, the two new provinces were as large in territory as the American states of Michigan, Wisconsin, Iowa, Minnesota and the two Dakotas, and more than twice as large as the six New England states, together with New York, New Jersey, Pennsylvania, Ohio and Indiana.
6. Ibid., 1906, p. 162.
7. J.N. Bayne, "Saskatchewan," in Boam, p. 57.
8. Norman F. Black, History of Saskatchewan and the Old North West (Regina: 1913) p. 450. These districts, which were assessed for tax purposes directly by the provincial Department of Municipal Affairs, were defined as large areas throughout Saskatchewan that were sparsely settled and that had no local organization whatever. (Boam, p. 58.)
9. The Canada Year Book, 1906, pp. 164-65. According to the census taken in 1906, of the total population of Saskatchewan, 18,434 persons lived in the cities of Regina, Saskatoon, Prince Albert and Moose Jaw; 16,475 more lived in towns; 13,553 lived in villages; 199,687 lived in rural townships; 6,380 lived on reserves; and 3,234 lived in other unspecified areas.
10. Saskatchewan Archives Board, M4 Martin II. Speeches and Articles, 1920 (4), fol. 43091.
11. Saskatchewan Archives Board, M4 Martin II. Speeches and Articles, 1918 (2), fol. 42862.
12. D.E. Macintyre, Prairie Storekeeper (Toronto: 1970) p. 6. He added elsewhere: "This was still a land largely without railroads and with few good wagon roads (p. 91)."
13. George Shepherd, West of Yesterday, John H. Archer, ed. (Toronto: 1965) p. 17.
14. John Hawkes, ed., The Story of Saskatchewan and Its People, 2 vols. (Chicago: 1924) II, pp. 797-98.
15. Boam, Prairie Provinces, p. 221.
16. Ibid., p. 710.
17. John L. Stoddard, Lectures, 15 vols., revised ed. (Chicago and Boston: 1911) vol. II (supplementary), pp. 161-62.
18. Hawkes, II, p. 1097. See also Dahlman, "Recollections," p. 112.
19. Macintyre, p. 54.
20. Shepherd, p. 42. See also John H. Archer, Saskatchewan, A History (Saskatoon: 1980) p. 154.
21. Shepherd, p. 97.
22. Ibid., p. 798.
23. Dahlman, "Recollections," p. 113.
24. Shepherd, 52.
25. Hawkes, II, p. 782.
26. Shepherd, p. 20.
27. Ibid., p. 8. For an excellent discussion of the Dominion Government=s utopian literature on the West to attract new settlers, see Doug Owram, Promise of Eden: The Canadian Expansionist Movement and the Idea of the West, 1856-1900 (Toronto: 1980) passim.
28. Hawkes, II, p. 1094.
29. Shepherd, p. 8.
30. Hawkes, II, p. 782.
31. Shepherd, pp. 25-6.

32. Account of Captain Richard Deacon, The Voice of the People: Reminiscences of the Prince Albert Settlement's Early Citizens 1866-1895, Manon Lamontagne et al., comps. (Battleford, Saskatchewan: 1984) p. 84.
33. Dahlman, "Recollections," p. 110.
34. Allan R. Turner, ed., "Reminiscences of the Hon. J.A. Calder," SH, vol. XXV, no. 2. (Spring 1972): p. 60.
35. Macintyre, p. 6.
36. Shepherd, p. 32.
37. Archer, Saskatchewan, p. 78. This pattern was somewhat alleviated, Archer adds, "where group settlement was permitted."
38. Shepherd, p. 28; Macintyre, p. 13.
39. Shepherd, p. 28.
40. Macintyre, p. 13.
41. Shepherd, 29.
42. Owram, p. 222.
43. Black, p. 491.
44. Ibid.
45. J.F.C. Wright, Saskatchewan: The History of a Province (Toronto: 1955) p. 137.
46. Alexander Mackenzie to Mr. Holton, 23 July 1877, Mackenzie=s Letterbooks, vol. VII, p. 197; Dale C. Thomson, Alexander Mackenzie, Clear Grit (Toronto: 1960) p. 310.
47. Observer, Sarnia, Ont., 14 September 1877.
48. Christopher Armstrong and H.V. Nelles, Monopoly's Moment: The Organization and Regulation of Canadian Utilities, 1830-1930 (Philadelphia, PA: 1986)p. 66; SaskTel, Telephones Through the Years (Regina: 1988); William (Gulielmus) Patten, Pioneering the Telephone in Canada (Montreal: 1926) pp. 7, 17, 24-5, 55. In fact, as spectators flocked to see the new device in operation, Brantford became known as the "Telephone City." (L.B. McFarlane, "History of the Telephone in Canada," The Canadian Engineer, vol. I, no. 6 (October 1893): 156. Cited hereafter as TCE.)
49. Quoted in Armstrong and Nelles, pp. 60-1. For a similar statement, see Bell's letter to Capitalists in London, England, written on 25 March 1878, quoted in Patten, p. 39.
50. Ibid., pp. 63-4.
51. Ibid., pp. 64-5.
52. Ibid., 71.
53. Ibid., pp. 62, 66, 68. See also J.D. Frailey and James M. Velayas, In the Spirit of Service: Telecommunications from the Founders to the Future (St. Louis: 1993) pp. 84-95; Robert Bornholz and David S. Evans, "The Early History of Competition in the Telephone Industry," in Breaking Up Bell: Essays on Industrial Organization and Regulation, David S. Evans, ed. (New York: 1983) pp. 8-10.
54. Armstrong and Nelles, p. 68; Bornholz and Evans, pp. 9, 11.
55. Ibid. See also Frailey and Velayas, pp. 129-32
56. Armstrong and Nelles, p. 66; McFarlane, "History of the Telephone," p. 156.
57. Armstrong and Nelles, pp. 67-8.
58. McFarlane, "History of the Telephone," p. 156.
59. C.R. Hosmer, Superintendent of the Dominion Telegraph Company at Montreal, to Thomas Swinyard, 24 January 1879, quoted in Patten, p. 57.
60. McFarlane, "History of the Telephone," p. 156.
61. Quoted in Patten, pp. 61-2.
62. Quoted in Frailey and Velayas, 136. See also Patten, pp. 67, 88; McFarlane, "History of the Telephone," p. 157.
63. "An Act to incorporate the Bell Telephone Company of Canada," Statues of Canada, 1880, Chapt. 67, pp. 99-106.
64. Armstrong and Nelles, p. 72.
65. Quoted in ibid., p. 70. See also Frailey and Velayas, pp. 132-33.
66. "An Act to amend the Act incorporating The Bell Telephone Company of Canada," Statutes of Canada, 1882, Chapt. 95, pp. 194-95.

67. Armstrong and Nelles, pp. 72, 165. Bell Canada's operations grew rapidly as a result. By 1883, just two years after obtaining its charter, the company was operating 4,400 rental-earning telephones, forty-four exchanges and forty agents, with 600 miles of long-distance wire. "It controlled development in all provinces except British Columbia, where the greater part of the system has always been in the hands of the British Columbia Telephone Company, Ltd." (The Canada Year Book, 2nd ser. (Ottawa: 1926) p. 660.)
68. Ibid., pp. 70-1; Frailey and Velayas, pp. 133-35.
69. Armstrong and Nelles, p. 71. In fact, The Canadian Engineer, no friend of Bell in later years, credited the company with having introduced long-distance telephone service into Canada. (TCE, vol. IV, no. 3 (July 1896): p. 69.)
70. Patten, p. 21; Tony Cashman, Singing Wires: The Telephone in Alberta (Edmonton: 1972) p. 17. Apparently, a Bell Telephone agency had opened at Winnipeg as early as 1877, though because of National Bell's early financial problems it was not until the purchase of the Canadian rights and the incorporation of the Bell Telephone Company of Canada, that any real expansion of the Bell telephone plant in Winnipeg occurred. From small beginnings, it grew rapidly. While in May 1881, there were only twenty-six subscribers, paying varying rates, in Winnipeg, by October that year, there were ninety subscribers who payed a regular annual rate of $60. (Sise Log Book, quoted, Patter, p. 71.)
71. Winnipeg Daily News, 30 November 1882.
72. Archer, pp. 76-7; Boam, Prairie Provinces, p. 182. See also J. William Brennan, Regina, An Illustrated History (Toronto: 1984) pp. 12, 14-18.
73. Winnipeg Daily Times, 4 and 30 November 1882; Brennan, Regina, p. 14.
74. Brennan, Regina, pp. 12, 14, 17.
75. Charles P. Sclater to F.G. Walsh, 11 November 1882, Bell Canada Archives, H.O. Book 5, fol. 435.
76. Bell Canada Archives, Cat. 23126, fols. 224-25.
77. Winnipeg Daily Times, 19 December 1882; May Neal, "Sixty Telephones in 1891," Leader-Post, Regina, 9 April 1955; Brennan, Regina, p. 18.
78. "Sixty Telephones," Leader-Post, 9 April 1955; Cashman, p. 17.
79. Leader-Post, Regina, 22 November 1883.
80. For the best study of the Bell Farm, see E.C. Morgan, "The Bell Farm," SH, vol. XIX, no. 2 (Spring 1966): pp. 41-60; reprinted in Pages from the Past: Essays on Saskatchewan History, D.H. Bocking, ed. (Saskatoon: 1979) pp. 45-63. See also Archer, Saskatchewan, pp. 72-3.
81. Morgan, "Bell Farm," p. 46.
82. Armstrong and Nelles, p. 67.
83. Courier, Moosomin, quoted in the Leader-Post, Regina, 31 May 1887.
84. The interview was republished by the Leader-Post, Regina, 24 March 1885.
85. Ibid.
86. Harlo L. Jones, O Little Town: Remembering Life in a Prairie Village (Winnipeg: 1995) p. 179.
87. Cashman, p. 21.
88. Ibid., pp. 20-1; Armstrong and Nelles, p. 68. See also: "Report of F.N. Gisborne, Telegraph Lines--Northwest Territories, 8 November 1883," in J. Stuart Macdonald, The Dominion Telegraph (Battleford: 1930) p. 58.
89. Archer, Saskatchewan, p. 85.
90. John P. Turner, The North-West Mounted Police 1873-1893, 2 vols. (Ottawa: 1950) vol. II, p. 227.
91. Macdonald, p. 43; Turner, II, p. 227.
92. Macdonald, p. 44. For the trial run of the two telephones, Macdonald and his counterpart in Moose Jaw arranged to have a Sioux Indian at each place. Astonished to hear the disembodied voice of his friend, the native in Macdonald's office rushed into the next room expecting to find the other man there. Not seeing him, the perplexed Indian exclaimed to an interpreter who also was present: "If it costs a pony, I'm going to have one of those things; it speaks Sioux as well as I do!"
93. Cashman, p. 49.
94. L.W. Herchmer, Commissioner, Regina, 31 December 1888, Report of the Commissioner of the North-West Mounted Police Force, 1888 (Ottawa: 1889) p. 21. This, and the other NWMP reports quoted here, were reprinted in The New West: Being the Official Reports to Parliament of the

Activities of the Royal North-West Mounted Police Force, 1882-1889, 3 vols. (Toronto: 1973) vol. III, (1889) p. 21.

95. L.W. Herchmer, Commissioner, Regina, 18 December 1889, Report of the Commissioner of the North-West Mounted Police Force, 1889 (Ottawa: 1890), p. 14. These views also were echoed by G.E. Sanders, Inspector Commanding at Maple Creek, who argued that in addition to increased efficiency, telephones would save "a great deal of horse-flesh." (G.E. Sanders, Inspector Commanding, Maple Creek, 1 December 1889, Report of the Commissioner of the North-West Mounted Police Force, 1889 (Ottawa: 1890) p. 117; The New West, vol. II, (1886) p. 31; vol. III, (1888) p. 127, (1889) p. 21.)
96. Frederick White to Commissioner Herchmer, 12 November 1892, National Archives of Canada, RG 18, vol. 1256, File 378; Commissioner Herchmer to Comptroller Frederick White, 17 November 1892, National Archives of Canada, RG 18, vol. 82, File 321.
97. E.W. Jarvis, Superintendent Commanding "B" Division, Regina, 30 November 1888, Report of the Commissioner of the North-West Mounted Police Force, 1888 (Ottawa: 1889) p. 116; The New West, vol. III, (1888) pp. 116-17.
98. Armstrong and Nelles, p. 73.
99. Patten, p. 122.
100. Armstrong and Nelles, pp. 107-9; Patten, p. 79, 122; McFarlane, "History of the Telephone," p. 157.
101. Armstrong and Nelles, pp. 108, 110.
102. Ibid., pp. 113-14.
103. Quoted in ibid., pp. 112-13 (emphasis his).
104. Patten, p. 76.
105. Sise's Log Book, quoted in Patten, p. 74.
106. Frederick White to A.G. Irvine, 19 January 1885, Public Archives of Canada, North West Mounted Police File, RG 18, vol. 1021, File 2627.
107. "Independent Telephones in Canada," The Canadian Engineer, vol. X, no. 1 (January 1903): p. 1.
108. Leader-Post, Regina, 30 August 1887; A.N. Reid, "Functions of Urban Municipalities in the North-West Territories: Public Works and Public Utilities," Saskatchewan History, vol. X, no. 1 (Winter 1957): p. 96.
109. In laymen's terms, where early telephone lines connected only two points, an exchange connects many lines to a central switchboard, operated manually or automatically, which enables subscribers at all points to speak more or less privately with each other, without tying up the whole system.
110. Leader-Post, Regina, 20 September and 4 October 1887. For the Town Council's permission, see ibid., 15 October 1887. The company's building programme was subject, of course, to the direction of the municipal Board of Works.
111. Ibid., 26 October 1887; 14 February 1941.
112. He an initial commission of twenty-five percent (later raised to thirty-five percent in 1889) of the net rentals he received for the company. (C.F. Sise to Peter Lamont, 25 April 1888, Bell Canada Archives, Cat. #10323-c.)
113. Leader-Post, Regina, 14 February 1941.
114. Neal, "Sixty Telephones," ibid., 9 April 1955. Although Alexander Graham Bell himself thought that "Hello" was vulgar as a telephone greeting, he was overruled by the public. Indeed, noted L.B. McFarlane in 1893: "At this time [1876] the much condemned `Hello' had not come into use as a signal for conversation to begin; the words `Hoy Hoy' were considered most satisfactory. We must give a discriminating public credit of choosing the less objectionable word, and be thankful that `Hoy Hoy' did not survive." ("History of the Telephone," p. 156.)
115. Bell Canada Archives, C.F. Sise Log Book, no. 4, 29 September 1889.
116. Ibid., 25 October 1887.
117. "Establishing an Exchange," p. 4, in Keith Foster, The History of SaskTel (unfinished manuscript, 1989).
118. Leader-Post, Regina, 7 February 1888.
119. Ibid., 5 February 1889. The letter was dated 31 January 1889.
120. Ibid., 18 March 1890.
121. Ibid., 25 March 1890.

122. Neal, "Sixty Telephones," ibid., 9 April 1955.
123. Saskatchewan Archives Board, R 743, no. 45. Bill of sale from Bell Telephone Company of Canada to Elizabeth Gass, 26 August 1899.
124. Moose Jaw Times, 14 January 1904.
125. Saskatchewan Archives Board, R 348, no. 167, Saskatchewan Telephone company Ltd.
126. Gary W.C. Abrams, Prince Albert: The First Century, 1866-1966 (Saskatoon: 1966) p. 102.
127. Phyllis Higgins, "Telephones," Moosomin Century One: Town and Country (Moosomin: 1981) p. 87.
128. The Canadian Engineer, vol. IX, no. 12 (December 1902): p. 391; ibid., vol. X, no. 6 (June 1903): 172.
129. Moosomin Board of Trade, Moosomin: Beautiful, Bountiful, Progressive (Winnipeg: 1912) p. 14. Around 1902, the prairie towns of Whitewood and Weyburn also had established small telephone systems of their own, though information is scarce on both. See the Proceedings of the Select Committee on Telephone Systems, 2 vols. (Ottawa: 1905) vol. II, p. 96; Reid, "Functions of Urban Municipalities," p. 96.
130. Laurie Hluchaniuk, Yorkton: York Colony to Treasure City (Saskatoon: 1982) pp. 120-1.
131. Quoted in ibid., p. 121. By 1905, this prediction already had been realized in part. At that time, in addition to its town subscribers, the Yorkton system boasted 130 miles of rural line and between sixty and eighty rural subscribers. (Proceedings of the Select Committee on Telephone Systems, 1905, vol. I, p. 954; vol. II, p. 50.)
132. Phenix, Saskatoon, 9 October 1903.
133. Ibid.
134. Ibid., 16 and 30 October 1903.
135. Ibid., 4 and 11 December 1903.
136. Ibid., 11 December 1903.
137. Archer, Saskatoon, p. 14. See also Don Kerr and Stan Hanson, Saskatoon: The First Half-Century (Edmonton: 1982) p. 15.
138. Patten, p. 124.
139. L.B. McFarlane, "History of the Telephone," p. 156.
140. Quoted in Patten, p. 76. The entry is dated 30 December 1887.
141. Leader-Post, Regina, 7 December 1904.
142. Ibid.
143. The Canadian Engineer, vol. VIII, no. 13 (May 1901): p. 284. For a similar view expressed earlier by the journal, see vol. IV, no. 3 (July 1896): p. 69. "As the local telephone service has made a revolution in the conditions of social life, so is the long-distance telephone working a quiet but none the less certain revolution in the business world," where it was superceding the telegraph.
144. Leader-Post, 7 December 1904.
145. Ibid.
146. Ibid., 18 November 1905.
147. Ibid., 7 November 1906; "The Newspaper Scrapbook: Long Distance Telephone Lines," Saskatchewan History, vol. X, no. 1 (Winter 1957): pp. 115-16. In addition, reported the Leader-Post, "this new trunk line...brings Brandon, Portage la Prairie, Neepawa, Virden and scores of other Manitoba points within actual speaking distance, and through Winnipeg brings us in almost instantaneous touch with Minneapolis, St. Paul, Duluth and other cities and towns in the Dakotas and Minnesota." Another benefit of the new connection, continued the newspaper, was that all telephone subscribers in Regina "have been supplied with copies of the new official directory giving a complete list of 'phones on the Bell system in Manitoba and Saskatchewan, with tables of rates between the various cities and towns." (For Bell's announcement of its intention to construct a long-distance circuit between Regina and Winnipeg, see also The Canadian Engineer, vol. XI, no. 2 (February 1904): p. 41.)
148. Leader-Post, Regina, 7 November 1906, 13 November 1957.
149. Ibid., 7 November 1906.

Endnotes to Chapter 2

1. Armstrong and Nelles, pp. 81-2.
2. J.S. Mill, Principles of Political Economy (London: 1848), Bk. 1, Ch. IX, s.4. Mill, in fact, coined the term Anatural monopoly.@
3. Armstrong and Nelles, p. 107.
4. AAn industry is a natural monopoly if a single firm can meet market demand more efficiently than several firms.@ (David S. Evans and James J. Heckman, ANatural Monopoly,@ in Breaking Up Bell, p. 128.
5. G.R. Britnell, "Public Ownership of Telephones in the Prairie Provinces," unpublished Masters Thesis, University of Toronto, 1934, p. 1.
6. Ibid. In his essay, AThe Telephone and society in the Past 100 Years,@ John R. Rice disagrees with this view. He argues that electricity, gas and water distribution constitute a Anatural monopoly@ as much as telephone service. For in each case, provision of the utility in a given area by two or more competing companies Awould be costly to the user, and it seems unlikely in free competition more than one company would survive.@ (In The Social Impact of the Telephone, ed. by Ithiel de Sola Pool (Cambridge, MA: 1977) p. 192.)
7. Quoted, Britnell, p. 2.
8. Frank W. Taussig, Principles of Economics, 3rd ed., 2 vols. (New York: 1933) vol. II, p. 423.
9. Ibid.; see also Pierce, Athe Telephone and Society,@ p. 192.
10. See Britnell, p. 2; Francis Dagger, "Is State Ownership of Telephones Desirable?", TCE, vol. X, no. 8 (August 1903): pp. 120-21; A.N. Holcombe, "Municipal Ownership of Telephones in Great Britain," Quarterly Journal of Economics, vol. XXI (August 1907): pp. 644-50; and by the same author, Public Ownership of Telephones on the Continent of Europe (Boston: 1911), and "The Telephone in Great Britain," Quarterly Journal of Economics, vol. XXI (November 1906): 96-135. See also F.G.C. Baldwin, The History of the Telephone in the United Kingdom (London: 1925).
11. Britnell, p. 7. See also W.B. Munro, Municipal Government and Administration, 2 vols. (New York: 1923) II, Ch. XLI, passim; and W.E. Bemis, ed., Municipal Monopolies. A Collection of Papers by American Economists and Specialists (New York: 1899).
12. Britnell, p. 7.
13. Roderick J. Parke, "Municipal Ownership," TCE, vol. VI, no. 2 (June 1898): p. 31.
14. Armstrong and Nelles, p. 141.
15. Ibid.
16. Ibid., pp. 141-42.
17. Canadian Annual Review, 1902, p. 476 (cited hereafter as CAR); Armstrong and Nelles, p. 143.
18. CAR, 1902, p. 476.
19. Ibid., p. 439. See also TCE, vol. VIII, no. 19 (November 1901): p. 456; Armstrong and Nelles, pp. 143-44.
20. Armstrong and Nelles, p. 144.
21. Ibid., p. 146.
22. The Canadian Municipal Journal (October 1907): p. 420. See also Armstrong and Nelles, pp. 146-47.
23. Armstrong and Nelles, p. 144.
24. "Independent Telephony in Canada," TCE, vol. X, no. 1 (January 1903): p. 1.
25. TCE, vol. I, no. 1 (May 1893): p. 1.
26. Ibid.
27. Francis Dagger, "Is Telephone Competition in Canada Desirable?" TCE, vol. X, no. 6 (June 1903): p. 160.
28. "The Telephone Problem in Canada," Part II, ibid., vol. VIII, no. 20 (December 1901): p. 464; Armstrong and Nelles, p. 163.
29. "The Telephone Problem in Canada," p. 464.
30. "Independent Telephony in Canada," p.1; CAR, 1905, p. 133; Armstrong and Nelles, p. 164. In addition to this contractual obligation, the sub-companies paid a large annual royalty on each line equipment, such as switchboards, instruments, etc.
31. "Independent Telephony in Canada," p. 1.

32. Armstrong and Nelles, p. 164.
33. Ibid., p. 163.
34. "Independent Telephones," TCE, vol. X, no. 4 (April 1903): p. 94.
35. TCE, vol. III, no. 9 (January 1896): p. 255; Armstrong and Nelles, 163-66.
36. TCE, vol. X, no. 4 (April 1903): p. 113.
37. "Municipal Telephone Plant at Neepawa, Manitoba," TCE, vol. XII, no. 2 (February 1905): p. 44.
38. "Evidence of John Crawford, M.P.," Proceedings of the Select Committee on Telephone Systems, 1905, vol. I, p. 64.
39. Britnell, p. 10.
40. Armstrong and Nelles, p. 167. For details of the controversy, as well as a description of the telephone system established by Port Arthur and Fort William, see: ibid., pp. 166-67; "Port Arthur and Fort William Independent Telephone Systems," TCE, vol. X, no. 1 (January 1903): pp. 4-6.
41. "The Bell Telephone Company and the Municipalities," TCE, vol. XI, no. 12 (December 1904): p. 355.
42. Ibid., pp. 355-56.
43. Ibid., p. 356.
44. Dagger, "Is Telephone Competition in Canada Desirable?", p. 160. The fear was, of course, that if Bell Canada were empowered to acquire new capital stock such as buildings, additional equipment, more wire and poles, etc., the cost of these items would be passed on to the subscriber, since the Dominion government was unlikely to subsidize the corporation, while the managers had no desire to reduce dividends to Bell investors.
45. "An Act respecting the Bell Telephone Company of Canada," Statutes of Canada, 1892, vol. II, Chapt. 67, p. 101. According to the Act, "existing [telephone] rates shall not be increased without the consent of the Governor in Council [i.e., parliament]."
46. TCE, vol. VIII, no. 3 (Mar 1901): 295; ibid., vol. VIII, no. 4 (June 1901): p. 318.
47. Quoted in Collins, A Voice from Afar, p. 184.
48. Armstrong and Nelles, p. 168. See also the CAR, 1902, pp. 476, 481; Britnell, p. 9. Maclean also made municipal ownership of telephones a key plant in his own platform when running for the mayoralty of Toronto in 1902.
49. "Vested Rights and Vested Wrongs," TCE, vol. XII, no. 3 (March 1905): p. 65.
50. "The Telephone Problem in Canada," Part I, TCE, vol. VIII, no. 9 (November 1901): p. 438; "Telephone Legislation," ibid., vol. X, no 11 (November 1903): p. 312.
51. Urquhart proposed specifically: 1) government ownership and operation of all long-distance lines; 2) the right of any municipality to acquire, on fair terms, the system of any company operating within its jurisdiction; and 3) the right of all municipalities operating a public telephone business to use long-distance lines, the tolls to be fixed by the Governor-in-Council.
52. "The Telephone Problem in Canada," Part II, p. 465; "Independent Telephony in Canada," p. 2.
53. "The Telephone in Parliament," TCE, vol. XII, no. 4 (April 1905): p. 100.
54. "Telephone Legislation," p. 312.
55. TCE, vol. XII, no. 4 (April 1905): p. 100.
56. "Vested Rights and Vested Wrongs," p. 65.
57. "The Telephone Problem in Canada," Part I, p. 438; "The Telephone Problem in Canada," Part II, p. 465; "Independent Telephony in Canada," p. 2.
58. "The Telephone Problem in Canada," Part I, p. 438.
59. "Independent Telephony in Canada," pp. 1-2.
60. "The Bell Telephone Company and the Municipalities," p. 356.
61. CAR, 1905, pp. 136-38.
62. Armstrong and Nelles, pp. 167-68. It was under this provision that the towns of Port Arthur and Fort William subsequently applied in their unsuccessful struggle against the Bell monopoly.
63. CAR, 1905, p. 130; "The Government Telephone Enquiry: Summary of Evidence," TCE, vol. XII, no. 6 (June 1905): p. 170. As part of its investigation, the new committee was to review the legislation--Dominion, provincial and municipal--under which telephones currently operated in Canada; examine the laws of the United Kingdom, Australia and other countries in the same connection; and look into the systems, capital and details of operation of the various telephone companies of Canada. (CAR, 1905, p. 131.)

64. *CAR*, 1905, p. 131; "The Government Telephone Enquiry: Summary of Evidence," *TCE*, vol. XII, no. 6 (June 1905): p. 170. The last detail regarding the municipalities was amplified: "If by the cooperation of the municipalities, we could induce the municipalities to deal with the telephone service as a municipal service, charging their tolls as a tax in the ordinary tax-bill, then the Dominion Government would not be charged with the details of it." (*CAR*, 1905, p. 131.)
65. Armstrong and Nelles, p. 169.
66. Quoted, *ibid.*
67. *CAR*, 1905, p. 130.
68. "The Telephone in Parliament," pp. 100, 101.
69. In fact, on 11 April a list of telephone companies in Canada, totaling ninety-two concerns, was submitted covering every province and including the Yukon. During the ensuing sittings of the committee, representatives from many of these small independents gave testimony. (*CAR*, 1905, p. 133.)
70. Armstrong and Nelles, p. 170.
71. "The Telephone in Parliament," p. 100.
72. "In other words," asserted the editors, "every telephone user should have the right of long distance service whether he is a `Bell' subscriber or not." See: "Telephone Legislation," p. 33; "Vested Rights and Vested Wrongs," p. 65; "The Telephone in Parliament," p. 100.
73. "Telephone Legislation," p. 33.
74. "Telephone Competition vs. Telephone Monopoly," *TCE*, vol. XII, no. 2 (February 1905): p. 35.
75. "Public Ownership of Public Franchises," *TCE*, vol. XII, no. 1 (January 1905): pp. 1-2.
76. "Telephone Competition vs. Telephone Monopoly," p. 34.
77. "Public Ownership of Public Franchises," p. 2.
78. "Vested Rights and Vested Wrongs," p. 66.
79. *Proceedings of the Select Committee on Telephone Systems*, 1905, vol. I, p. xlv.
80. *Ibid.*; *CAR*, 1905, p. 135.
81. Armstrong and Nelles, p. 171.
82. *Ibid.*, p. 172.
83. *CAR*, 1905, p. 30.
84. Britnell, p. 20.
85. *CAR*, 1905, p. 134. Aylesworth's Conservative opponent in the riding of North York, Archibald McCallum, openly charged him with "being a corporation lawyer." (*Ibid.*, pp. 39-40.)
86. Quoted in *ibid.*
87. *Ibid.*, p. 135.
88. *Ibid.*, p. 139.
89. Quoted in *ibid.*
90. *Ibid.*, p. 141.
91. *Ibid.*, pp. 135-36; "Telephone and Telegraph," *TCE*, vol. XII, no. 4 (April 1905): pp. 109, 126.
92. *TCE*, vol. XII, no. 1 (January 1905): p. 5.
93. *CAR*, 1905, p. 136.
94. *Ibid.*, p. 135; *TCE*, vol. XII, no. 5 (May 1905): p. 136.
95. Armstrong and Nelles, p. 168.
96. "Independent Telephones: Canadians at Chicago," *TCE*, vol. XIII, no. 9 (September 1906): p. 346; *CAR*, 1905, p. 136.
97. C. Skinner, "The Telephone Problem," 1 March 1905, *TCE*, vol. XII, no. 3 (March 1905): p. 109. Skinner also wrote that not only had the Select Committee on Telephones failed to resolve this issue, but also the federal Minister of Railways--far from pursuing his responsibility in this matter--shirked his duty by hiding behind the Railway Commission.
98. Quoted, "The Canadian Independent Telephone Association First (sic) Annual Convention," 5 September 1906, Toronto, *TCE*, vol. XIII, no. 10 (October 1906): p. 381.
99. *CAR*, 1906, p. 557.
100. "An Act to amend *The Railway Act, 1903*," *Statutes of Canada*, 1906, Chapt. 42, pp. 14-7. See also: *CAR*, 1906, pp. 104, 557; Armstrong and Nelles, pp. 173-74; Britnell, p. 21.
101. *CAR*, 1906, p. 557.
102. Armstrong and Nelles, p. 173.
103. *CAR*, 1906, p. 557.

104. Armstrong and Nelles, p. 174.

105. Dufferin S. Spafford, "Telephone Service in Saskatchewan: A Study in Public Policy," an unpublished Masters Thesis, University of Saskatchewan, 1961, p. 1.

106. Armstrong and Nelles, p. 186.

107. Ibid., p. 185. This theme is developed also by V.C. Fowke in his book, The National Policy and the Wheat Economy (Toronto: 1957) pp. 89-93.

108. Owram, p. 138.

109. Ibid., pp. 138, 172.

110. Ibid., pp. 179-80.

111. J. William Brennan, "A Political History of Saskatchewan, 1905-1929," unpublished Ph.D. dissertation, University of Alberta, 1976, p. 93; Armstrong and Nelles, p. 175.

112. Brennan, "Political History," pp. 93-4; Spafford, p. 2; Armstrong and Nelles, p. 175.

113. Proceedings of the Select Committee on Telephone Systems, 1905, vol. I, p. 829.

114. Spafford, p. 2.

115. Armstrong and Nelles, p. 175.

116. See, for example, TCE, vol. XII, no. 3 (March 1905): p. 71; ibid., vol. XIII, no. 3 (March 1906): p. 141; ibid., vol. XIII, no. 12 (December 1906): p. 464.

117. Armstrong and Nelles, pp. 175-76.

118. "Telephone Legislation," p. 34.

119. CAR, 1905, p. 130.

120. H.A. Innis, Problems of Staple Production in Canada (Toronto: 1933) p. 67.

121. CAR, 1904, p. 63.

122. Britnell, p. 5.

123. Certainly, there was no real consensus on the matter of quality in Winnipeg, though most submissions from the city favoured public ownership. By contrast, both Brandon and Mavis had no criticisms of the Bell system, as opposed to Minnedosa, Pembina and Plum Coulee, all of which complained about restricted service ad the lack or rural connections. (See the Proceedings of the Select Committee on Telephone Systems, 1905, vol. I, pp. 60, 115, 117, 169-72, 225.)

124. Ibid., p. 96.

125. Ibid.

126. For examples, see the submissions of Prince Albert, Medicine Hat, Wetaskiwin and Macleod. Ibid., pp. 89, 171, 212, 223.

127. Britnell, p. 17.

128. See, for example, the submissions of Pipestone, Man., and Maple Creek in the future province of Saskatchewan. (Proceedings of the Select Committee on Telephone Systems, 1905, vol, I, pp. 80, 171.)

129. CAR, 1905, p. 139.

130. The vote was taken on 1 July. Ibid., p. 177.

131. "Dominion Telephones," TCE, vol. XII, no. 5 (May 1905): p. 136.

132. Britnell, p. 21. See also Spafford, p. 2.

133. One was the North-West Telephone Company, which planned "to construct and operate lines throughout Ontario, Manitoba and the North-West Territories"; the other was the Independent Telephone Company of Canada, which intended "to operate urban and rural lines across the province of Manitoba." "Telephone and Telegraph," TCE, vol. XII, no. 1 (January 1905): p. 5; ibid., vol. XII, no. 2 (February 1905): p. 44; CAR, 1905, pp. 135-36, 354.

134. Journals of the Legislative Assembly of Manitoba, Session 1904-05 (Winnipeg: 1906) p. 73; CAR, 1905, pp. 135-36, 354.

135. Armstrong and Nelles, p. 178. Edward Brown, a Liberal MLA and would-be party leader, certainly held this view of the Roblin ministry's telephone policy. He thought it "to be simply a vote-catching proposal and not a sincere effort at the establishment of public or municipal ownership...."1. (Quoted in CAR, 1906, p. 422.)

136. CAR, 1905, p. 143.

137. Manitoba Free Press, Winnipeg, 24 November 1905. Quoted also in CAR, 1905, p. 356; "The Telephone in Parliament," p. 99. See also John Knubley, The Origins of Government Enterprise in Canada, Economic Council of Canada, Discussion Paper no. 329 (Ottawa: 1987) p. 18. The telephone expert hired as a consultant was Francis Dagger.

138."The telephone should, Mr. Roblin declared, be in the home of every prosperous and industrious farmer in the province." CAR, 1905, p. 356. See also, Journals of the Legislative Assembly of Manitoba, Session 1906 (Winnipeg: 1907) p. 88.

139."An Act respecting Government Telephone and Telegraph Systems," Acts of the Legislature of the Province of Manitoba, 1906 (Winnipeg: 1906) Chapt. 89, pp. 280-83; "An Act respecting Municipal Telephone Systems," ibid., Chapt. 90, pp. 284-88 (called hereafter Statutes of Manitoba). See also: Britnell, pp. 24-5; Spafford, p. 4; Armstrong and Nelles, p. 179. For amendments to both Acts in 1907, see Statutes of Manitoba, Chapt. 45, pp. 128-29; Chapt. 46, pp. 130-31.

140."The Canadian Independent Telephone Association First Annual Convention," TCE, vol. XIII, no. 10 (October 1906): p. 380.

141.Quoted in CAR, 1907, p. 578.

142.Armstrong and Nelles, p. 180.

143.CAR, 1907, pp. 559-60; Spafford, pp. 4-5; Armstrong and Nelles, p. 181; Britnell, pp. 25-6. The sale was announced on 1 January 1908. During the next few weeks, however, the Roblin government had to defend itself against Opposition charges that it had paid too much ($3,000,000) to acquire the Bell plant. (See CAR, 1908, pp. 461-64.)

144.Spafford, p. 5.

145.Armstrong and Nelles, p. 181.

146.Britnell, p. 26.

147.CAR, 1908, p. 510.

148.Quoted in ibid., 1907, pp. 597-98.

149."An Act Empowering Municipalities to Establish and Operate Telephone Service," Statutes of the Province of Alberta, 1906 (Edmonton: 1906) Chapt. 31, pp. 282-86; CAR, 1906, p. 476; 1907, p. 597; 1908, p. 510. See also Britnell, pp. 26-7; Spafford, p. 5; Cashman, pp. 130, 163-64; Armstrong and Nelles, pp. 181-82; Knubley, p. 17.

150.The cost to the province was $675,000. Possession did not actually change hands for another two months, however, until the transaction was announced publicly on 31 March. See: CAR, 1906, p. 476, and 1908, p. 510; Britnell, pp. 26-7; Spafford, p. 5; Cashman, pp. 130, 163-64; Armstrong and Nelles, pp. 184, 185.

151.Quoted in L.G. Thomas, The Liberal Party in Alberta (Toronto: 1959) p. 51. For the strong anti-Bell feeling in the Alberta legislature and the province generally on the even of the government's acquisition of the Bell plant, see Cashman, pp. 137-41, 147, 162 and passim.

152.Armstrong and Nelles, p. 182.

Endnotes to Chapter 3

1. Spafford, p. 20.
2. Alexander Brady, Democracy in the Dominions: A Comparative Study in Institutions (Toronto: 1947) pp. 1-2. As the title suggests, the author examines the development of institutions in the four major dominions of the British Empire/Commonwealth at the time: Canada, Australia, New Zealand and South Africa.
3. Ibid., p. 3.
4. Ibid., pp. 460-61, 463, 468.
5. Ibid., p. 461.
6. S.M. Lipset, Agrarian Socialism: The Co-operative Commonwealth Federation in Saskatchewan (Berkeley: 1950) p. 25 and passim.
7. Ibid., p. 26.
8. Ibid., p. 35.
9. See, for example, Fowke's book, The National Policy and the Wheat Economy.
10. Ibid., pp. 93-4.
11. Ibid., p. 103. See also Archer, 122-23.
12. Owram, pp. 173, 222.
13. Eager, p. 9.
14. Owram, pp. 178, 191, 223-24.
15. Kerr and Hanson, p. 39.
16. Ibid.
17. Nathaniel A. Benson, None of It Came Easy: The Story of James Garfield Gardiner (Toronto: 1955) p. 72.
18. Archer, p. 139. See also Brady, pp. 29, 49; Wright, pp. 122-23, 127-28. Observes Wright of central European immigrants in particular: "Thankful for their seemingly miraculous escape from the confining conditions of semi-serfdom in the old land, they became bewildered but eager participants in the new."
19. Macintyre, p. 12.
20. Canada Year Book, 1906, pp. 164-65; 1911, p. 2. See also Benson, p. 73.
21. Boam, Prairie Provinces, p. 222.
22. Leader-Post, Regina, 6 September 1905.
23. Benson, p. 74.
24. Canada Year Book, 1906, p. 162; Archer, p. 141; Wright, p. 128.
25. Canada Year Book, 1906, pp. 162, 164-65; Benson, p. 74.
26. Ibid., 1920, p. 124. The official numbers are as follows: 28,728 (1906); 15,307 (1907); 30,590 (1908); 22,146 (1909); 29,218 (1910); 40,763 (1911); 46,158 (1912); 45,147 (1913); 40,999 (1914). Between 1901 and 1920, Saskatchewan recorded a total of 950,551 immigrants.
27. Saskatchewan Archives Board, M4 Martin II. Speeches and Articles, 1918 (2), fol. 42860. The number of homestead entries was as follows: 30,424 (1908); 39081 (1909); 41,568 (1910); 44,479 (1911); 39,151 (1912); 33,699 (1913); 31,829 (1914). The number began to diminish steadily during the years of the First World War: 24,088 (1915); 17,030 (1916); 11,199 (1917); 8,289 (1918).
28. Boam, Prairie Provinces, p. 221; CAR, 1911, p. 559; Brady, p. 29; Smith, p. 45.
29. Walter Scott to J.A. Aikins, 30 May 1910, Saskatchewan Archives Board, Walter Scott Papers, fol. 50349. Scott made a similar comment in a letter to C.A. Semens, 17 November 1910, ibid., fol. 41087.
30. Canada Year Book, 1911, p. 2; Archer, p. 164; Smith, pp. 45-6; R. Rees, "The 'Miracle City on the Banks of the Saskatchewan': The Saskatoon Real Estate Boom, 1910-1913," in Bocking, Pages from the Past, p. 158; J.N. Bayne, "Saskatchewan," in Boam, Prairie Provinces, p. 56.
31. Kerr and Hanson, p. 40.
32. Ibid., p. 39.
33. Brennan, Regina, p. 55; Wright, p. 162; Benson, pp. 75, 96; Gordon L. Barnhart, "Peace, Progress and Prosperity: A Biography of the Hon. Walter Scott," unpublished Ph.D. dissertation, University of Saskatchewan, 1998, p.168. Writes Barnhart: "Agriculture, as the economic backbone of the province, vaulted Saskatchewan into wheat production leadership." It is also worth noting that in order to harvest this vast quantity of grain, according to government records for 1908, there were

3,468 threshing outfits in the province, an increase of 3,100 over the number of machines for the entire Northwest Territories in 1898. (Wright, p. 133.)

34. Archer, p. 164. The capacity in 1903 was 7,205,000 bushels. According to John Macintyre's more modest figures (p. 2), the number of acres brought under the till increased from 1,130,084 to 6,003,522 during this period.
35. Macintyre, p. 2. See also *CAR*, 1911, p. 559.
36. Macintyre, p. 2; Archer, p. 164; Wright, p. 162; Benson, p. 77; Kerr and Hanson, p. 39.
37. Archer, p. 163.
38. Macintyre, pp. 80-1.
39. *Ibid.*, p. 81.
40. *CAR*, 1910, p. 574.
41. *Ibid.*, p. 85.
42. Kerr and Hanson, p. 111.
43. Archer, p. 162; Wright, p. 159; Kerr and Hanson, p. 105.
44. Brennan, *Regina*, p. 58.
45. Rees, p. 158.
46. Boam, *Prairie Provinces*, p. 184. See also Kerr and Hanson, p. 111.
47. Brennan, "Political History," p. 91.
48. Shepherd, p. 151; Rees, p. 159; Brennan, "Political History," p. 91; Kerr and Hanson, 39-40; Boam, *Prairie Provinces*, p. 184.
49. *Phenix*, Saskatoon, 30 June 1905. See also Kerr and Hanson, p. 40.
50. Archer, p. 139; Kerr and Hanson, pp. 37-8. See also Jean E. Murray, "The Provincial Capital Question in Saskatchewan," *Saskatchewan History*, V, no. 3 (Autumn 1952): pp. 81-105.
51. Kerr and Hanson, p. 41.
52. *CAR*, 1910, p. 572; 1911, p. 559.
53. *Ibid.*, 1910, p. 572; *Phenix*, Saskatoon, 16 December 1912. See also: Wright, pp. 159-60; Kerr and Hanson, pp. 45-6, 54-5.
54. *Canada Year Book*, 1920, p. 124.
55. Kerr and Hanson, p. 57.
56. *Ibid.*, p. 69.
57. Wright, p. 159. As it turned out, the surrounding farm land was subdivided as Hopkins wanted, but only as far as six miles from the city's centre, not ten.
58. Quoted in Rees, p. 160.
59. *CAR*, 1911, p. 559; *Canada Year Book*, 1911, pp. 8-9; Brennan, *Regina*, p. 55. Unlike most other Saskatchewan cities, however, Regina's population dropped following the economic recession of 1914, to 26,127 people by 1916. (*CAR*, 1920, p. 107.)
60. *CAR*, 1910, p. 573; Brennan, "Political History," p. 91.
61. *CAR*, 1910, p. 573.
62. For all of this growth, see *ibid.*, 1910, pp. 573-74; Wright, 156-58, 162. For population statistics, see the *Canada Year Book*, 1911, pp. 8-9; 1920, pp. 107, 124. North Battleford "was brought into existence by the CNR," just like many other towns. (Black, p. 490.)
63. Macintyre, pp. 85, 95. See also Kerr and Hanson, p. 69.
64. Archer, p. 170-73; Brennan, "Political History," pp. 215-16; Wright, pp. 163-64.
65. Macintyre, p. 95.
66. Brennan, "Political History," p. 166.
67. Brennan, "Political History," p. 91; Barnhart, p. 168; J.N. Bayne, "Saskatchewan," in Boam, *Prairie Provinces*, pp. 56-7. Notes Alexander Brady, prior to 1939, over fifty percent of the employable men in Saskatchewan were engaged in agriculture (p. 29).
68. Owram, p. 141.
69. Archer, p. 141; Brennan, "Political History," p. 93; Wright, pp. 140-42; Barnhart, pp. 127-60.
70. Smith, pp. 45-6.
71. Notes Alexander Brady, the railways in particular were regarded by farmers "as almost the crucial issue of their economic existence (p. 29)."
72. Walter Scott to T. Ahearn, of Ahearn & Soper, Ottawa, 4 April 1906, Saskatchewan Archives Board, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59143.
73. Spafford, p. 21.

74. TCE, vol. XII, no. 11 (November 1905): p. 362.
75. Spafford, p. 22.
76. CAR, 1905, p. 356.
77. ARegina@ is used in this caseB-and periodically throughout the book--as a synonym for the provincial government.
78. Archer, p. 122. Owing to their protests, the Manitoba Grain Act was passed in 1900, which allowed farmers to oversee the weighing of wheat, and restored their right of loading directly over the platform at local stations, instead of delivering their grain to elevators as the CPR had insisted. Subsequent problems had led also to the organization of the Territorial Grain Growers' Association in 1902 to protect their interests, thereby providing farmers with a powerful precedent for collective action in future and a much louder voice in matters that affected them at present. (Ibid., pp. 122-23.)
79. Armstrong and Nelles, p. 169; Spafford, pp. 1-2.
80. Morning Leader, Regina, 8 June 1906; Spafford, p. 5 ff. The following October, the council members of Prince Albert resolved in a similar fit of anger to take over the local Bell system, but failed in the attempt. Times, Prince Albert, 4 October 1906. See also Abrams, p. 164.
81. Walter Scott to P. Whimster, 26 June 1906, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59145.
82. Morning Leader, Regina, 21 February 1907; CAR, 1907, p. 589; Brennan, p. 95; Britnell, p. 27.
83. For these various resolutions, see: Morning Leader, 16, 21 and 22 February, 8 March, 21 June and 7 August 1907; Saskatchewan Grain Growers' Association Papers, Annual Convention Reports, 1904-1914 (Regina: 1907) pp. 60-1; CAR, 1907, p. 589; Black, p. 491; Brennan, p. 94; Britnell, p. 27; Dufferin S. Spafford, "The Elevator Issue, the Organized Farmers, and the Government, 1908-1911," in Bocking, Pages from the Past, p. 180.
84. Ibid., 7 March 1907.
85. Morning Leader, Regina, 27 March 1907.
86. Morning Leader, 26 February 1907; Brennan, p. 98.
87. See Walter Scott to Colin H. Campbell, Attorney General of Manitoba, 31 March 1906, SAB, M1 Scott. IV. 156. Telephones 1906-1916 (1), fol. 59144. All Scott agreed to do after receiving the invitation, along with copies of the telephone bills passed by the Manitoba Legislature, was to "take up the matter as soon as possible" with his colleagues.
88. Daily Standard, Regina, 18 August 1905.
89. Smith, p. 24.
90. Daily Standard, Regina, 29 March 1907. The resolution stated specifically: "And whereas in particular we affirm and advocate the construction, ownership and control by the province of a telephone system; and whereas the telephone system of the Province is practically in control of a monopoly; Resolved that in the opinion of this convention a telephone system for this province should be constructed, owned and controlled by the provincial Government in the interests of the people of this province."
91. Ibid.
92. Grant MacEwan, Frederick Haultain, Frontier Statesman of the Canadian Northwest (Saskatoon: 1985) p. 165. Given his importance for the history of the development of the Canadian West, it is surprising, even shocking, that only one biography has been written about Haultain, and not by a professional scholar.
93. For Haultain's public career and his stand on such issues as provincial status for the Northwest Territories, autonomy, responsible government and education in the debate over the Autonomy Bills of 1905, see: MacEwan, passim; Smith, pp. 5-6, 15-17, 325.
94. See The Daily Standard, Regina, 24 August 1905.
95. Morning Leader, Regina, 27 March 1907. See also the Journals of the Legislative Assembly of Saskatchewan, Session 1907 (Regina: 1908) II, p. 64; Black, p. 485; Brennan, p. 98; Barnhart, p. 164.
96. Ibid.; Brennan, pp. 98-9.
97. Spafford, p. 7.
98. For Lamont's, Brown's and Motherwell's comments, see ibid.
99. Ibid.; Journals of the Legislative Assembly of Saskatchewan, 1907, p. 64; Black, p. 485; Brennan, pp. 98-9.

100. Morning Leader, Regina, 27 March 1907.

101. Ibid., 30 March, 1 and 4 April 1907; Brennan, p. 99.

102. Morning Leader, Regina, 19 May 1908; Spafford, p. 8; Brennan, p. 99.

103. Morning Leader, Regina, 6 August 1907; Spafford, p. 9; Brennan, p. 99.

104. CAR, 1907, p. 562.

105. T. Ahern to Walter Scott, 28 March 1906, SAB, MI Scott. IV. 156. Telephones, 1906-1916 (1), fols. 59141-2.

106. F. Page Wilson to Walter Scott, 18 September 1907, ibid., fol. 59165.

107. Walter Scott To F. Page Wilson, 16 October 1907, ibid., fol. 59167.

108. A.C. Grey to Walter Scott, 31 July 1907, ibid., fol. 5916.

109. A.C. Grey to Walter Scott, 1 June 1907, ibid., fol. 59148.

110. A.C. Grey to Walter Scott, 17 July 1907, ibid., 59154.

111. Walter Scott to Francis Dagger, 5 July 1907, SAB, MI Scott IV. 156. Telephones, 1906-1916 (1), fol. 59160.

112. Both Spafford and Brennan give the impression in their individual studies that Dagger was Walter Scott's first and only choice for the jog. (See Spafford, pp. 13-4; Brennan, pp. 99-100.) Even Gordon Barnhart implies this in his assessment of Scott's method of selection (p. 176).

113. Walter Scott to W.J. Maier, 9 July 1907, SAB, MI Scott IV. 156. Telephones, 1906-191 (1), fol. 59163.

114. Walter Scott to A.C. Gray, 10 and 22 July 1907, ibid., fols. 59153, 59155. See also A.C. Gray to Walter Scott, 17 July 1907, ibid., fol. 59154.

115. Walter Scott to Francis Dagger, 5 July 1907, ibid., fol. 59160; Scott to A.C. Gray, 22 July 1907, ibid., fol. 59155. For Dagger's acceptance of the offer, see: Francis Dagger to Walter Scott, 17 July 1907, ibid., fol. 59161; Walter Scott to Francis Dagger, 19 July 1907, ibid., fol. 59162. See also: Brennan, p. 99; Spafford, p. 9; Britnell, p. 28.

116. Walter Scott to A.C. Gray, 22 July 1907, SAB, MI Scott IV. 156. Telephones, 1906-1916 (1), fol. 59155.

117. Walter Scott to Francis Dagger, 5 July 1907, ibid., fol. 59160.

118. Spafford, p. 14; Brennan, pp. 99-100.

119. Barnhart, p. 176.

120. Robert E. Babe, "Francis Dagger," The Canadian Encyclopedia, 4 vols., 2nd ed. (Edmonton: 1988) vol. I, p. 562; Foster, "Francis Dagger," n.p.; Armstrong and Nelles, p. 167.

121. Francis Dagger, "Is Telephone Competition in Canada Desirable?" TCE, vol. X, no. 6 (June 1903): p. 160.

122. Ibid., pp. 160-62.

123. Francis Dagger, "Is State Ownership of Telephones Desirable?" ibid., vol. X, no. 8 (August 1903): pp. 220-22.

124. Francis Dagger, "Is Municipal Ownership of the Telephone Service Desirable?" ibid., vol. X, no. 9 (September 1903): p. 249.

125. Francis Dagger, "Need of a General Telephone Act," ibid., vol. X, no. 10 (October 1903): pp. 277-78.

126. "The Government Telephone Enquiry: Summary of Evidence," ibid., vol. XII, no. 6 (June 1905): pp. 170-71; CAR, 1905, pp. 131-32. See also Brennan, p. 100; Spafford, p. 9; Armstrong and Nelles, p. 169.

127. "Is Telephone Competition in Canada Desirable?" TCE, vol. X, no. 6 (June 1903): p. 161; ibid., no. 8 (August 1903): pp. 220-22.

128. "Need of a General Telephone Act," ibid., no. 10 (October 1903): pp. 277-78.

129. "Is the Municipal Ownership of the Telephone Service Desirable?" ibid., no. 9 (September 1903): p. 249; "Need of a General Telephone Act," ibid., no. 10 (October 1903): pp. 277-78.

130. "The Government Telephone Enquiry: Summary of Evidence," Ibid., vol. XII, no. 6 (June 1905): p. 170.

131. "The Canadian Independent Telephone Association First Annual Conference," TCE, vol. XIII, no. 10 (October 1906): p. 381. It is worth noting, perhaps, that Dagger was a member of the executive committee of this organization while also an employee of the Saskatchewan Government.

132. Morning Leader, Regina, 7 August 1907. See also Spafford, pp. 9-11; Brennan, p. 101. For an interesting comparison, see the report of Dagger's speech to the Illinois Independent Telephone Association the following autumn. (Ibid., 11 October 1907.)

Endnotes to Chapter 4

1. Collins, *A Voice from Afar*, p. 187.
2. Economic Council of Canada, *Minding the Public's Business* (Ottawa: 1986) pp. 13, 38-40.
3. *Ibid.*, p. 40.
4. *Ibid.*, pp. 14, 40.
5. Bayard Reesor, *The Canadian Constitution in Historical Perspective; with a Clause-By-Clause Analysis of the Constitution Acts and the Canada Act* (Scarborough, Ont.: 1992) p. 234.
6. *Ibid.*, pp. 236-37.
7. Leonard Waverman, *The Process of Telecommunications Regulation in Canada*, Economic Council of Canada, Working Paper no. 28 (Toronto: 1982) pp. 40-1.
8. Spafford, p. 23.
9. *Ibid.*, p. 22.
10. *Morning Leader*, Regina, 7 April 1908.
11. *CAR*, 1907, p. 589.
12. *Leader*, Regina, 3 and 18 December 1907.
13. Walter Scott to Francis Dagger, 5 December 1907, *ibid.*, fol. 59172; Francis Dagger to Walter Scott, 9 December 1907, *ibid.*, fol. 59173.
14. A.C. Gray to Walter Scott, 12 July 1907, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59154.
15. Mrs. E. Curtis to Walter Scott, 13 November 1907, *ibid.*, fol. 69169.
16. Walter Scott to Mrs. E. Curtis, 19 November 1907, *ibid.*, fols. 59170-59171.
17. J.A. Calder to H.W. Underwood, Milestone, 16 September 1907, SAB, M2 Calder 46, Milestone Constituency, 1905-1911 (1), fol. 6713; J.A. Calder to Walter Scott, 16 September 1907, *ibid.*, fol. 6714; G.A. Sylte to Francis Dagger, 9 March 1908, SAB, Department of Railways 57. Railway Telephone Crossings, 1908-1918, fol. 57-314; G.A. Sylte to the Railway Commissioners, Regina, 12 March 1908, *ibid.*, fol. 57-292.
18. J.A. Calder to J.A. Moorhead, Milestone, 19 February 1908, SAB, M2 Calder 46, Milestone Constituency, 1905-1911 (2), fol. 6748.
19. J.R. McKenzie, secretary-treasurer of the Milestone Farmers' Mutual Telephone Company Ltd., to Francis Dagger, 11 April 1908, SAB Department of Railways. 57. Railroad Telephone Crossings, 1908-1918; Francis Dagger to J.R. McKenzie, 29 April 1908, *ibid.*
20. For the following section, see: "Report of Mr. Francis Dagger, employed as Provincial Telephone Expert, with respect to the development of Telephone Service in the Province of Saskatchewan," 1908, Saskatchewan Legislature, Sessional Papers, No. 1 of 1908, pp. 5-44. The report was delivered by Walter Scott to the Hon. E.L. Wetmore, Administrator of the Province of Saskatchewan, on 25 March. Scott was acting in his capacity of Commissioner of Railways, his chief portfolio, into which the telephone matter was subsumed. For additional summaries of the report, some better than others, see: *CAR*, 1907, p. 589; Spafford, pp. 11-13; Britnell, pp. 28-9; Black, p. 491; Brennan, pp. 103-05; Archer, *Saskatchewan*, p. 153.
21. Not included in this list, but acknowledged in Schedule R of the report on p. 28, were four other new companies, some awaiting incorporation and others still in the process of building their systems: the Fort Pelly Telephone Association (est. 1907); the Eastview Telephone Company (est. 1908); the Oxbow Telephone and Lighting Company (est. 1907 or 1908); the Lloydminster Telephone Company (est. 1907). These operated a combined total of eighty-five telephones. As for the Moosomin Telephone and Light Company and the telephone plant in North Battleford, they had been absorbed by Bell Canada prior to 1905.
22. The long-distance lines Dagger proposed were: Regina to Prince Albert (250 miles); Prince Albert to Westgate (185 miles); Warman to Lloydminster (167 miles); Warman to Togo (225 miles); Saskatoon to Marchwell (250 miles); Saskatoon to Asquith (30 miles); Lanigan to Welwyn (220 miles); Regina to Antler (160 miles); Stoughton to Weyburn (40 miles); Estevan to Gainsborough (70 miles); Carlyle to Alameda (30 miles); Wolseley to Maryfield (100 miles); Mortlach to Walsh (205 miles); Manor to Bredenbury via Wawota, Wapella and Esterhazy (100 miles); and Lumsden to Earl Grey (25 miles).
23. The initial lines Dagger proposed also would require an expenditure of $514,250 to $719,950 for one copper circuit between all the points named.

24. Dagger's remarks on this subject were supported by the evidence presented before the Select Committee on Telephones in 1905. Among the points revealed by the testimony presented was that municipal telephony in Canada "so far, has been a success financially, and also as regards the number of subscribers, and the quality of service given." ("The Telephone Enquiry," TCE, vol. XII, no. 5 (May 1905) p. 32.
25. Dagger's comments parallel those published by the Canadian Engineer in 1905. Reviewing the results of competition since the expiration of the main Bell patents in 1893, the editors remarked: "During this marvelous period of growth in the telephone field in the United States, under competition through independent telephony, our Dominion, with but very few exceptions, has remained in the clutches of monopoly. Through unreasonable charges for unsatisfactory service over equipment antiquated in many cases, the Bell Company is giving connections in our cities with less than one for every sixty inhabitants, while in towns where competition prevails, as well as throughout the States, in the smaller towns and rural districts, there is one telephone for less than twenty inhabitants, showing that if independent telephones were once established here, we would have from three to four times as many telephones in use." ("Municipal Telephone Plant at Neepawa, Manitoba," TCE, vol. XII, no. 2 (February 1905): p. 44.)
26. Dagger included a sample letter and a summary of responses in Schedule T at the end of his report (pp. 32-42). In Schedule W (pp. 43-4) he also listed all of the Local Improvement Districts, the number of houses in each, and the pole-miles of construction that would be necessary to connect them to rural telephone service.
27. As late as 1917, in fact, large communities of eastern European immigrants who had settled in northern areas of Saskatchewan, in such districts as Vonda, Prince Albert and Rosthern, were still without telephone service or any desire to obtain it. See the joint AUkranian Rural Communities. Report of Investigation by the Bureau of Social Research, Governments of Manitoba, Saskatchewan and Alberta,@ 25 January 1917, SAB, M4 Martin I. 168. Ukranian Rural Communities, 1917, fols. 42492-42651, and specifically fols. 42548, 42557 and 42566. (AUkranian@ referred broadly to the groups identified in the text above.)
28. Journals of the Legislative Assembly of Saskatchewan, 1908, vol. III, p. 8.
29. Ibid., p. 27. The full text of the three bills was published also in the Regina Leader on 30 April 1908.
30. Statutes of the Province of Saskatchewan, Session 1908 (Regina: 1908) pp. 161-67. Chapt. 5.
31. SAB, M1 Scott IV. 156. Telephones 1906-1916, fol. 59183.
32. Statutes of the Province of Saskatchewan, pp. 168-72. Chapt. 6.
33. Ibid., pp. 173-77. Chapt. 7.
34. Annual Report of the Department of Telephones of the Province of Saskatchewan for the Financial Years Ended April 30, 1923 and April 30, 1924 (Regina: 1924) p. 62. (Cited hereafter as Dept. of Telephones, Annual Report.) The Report issued in 1924 served not just as an annual accounting of the department's business over the previous twelve months, but also as a retrospective on the historical development of the provincial telephone system.
35. Turner, "Reminiscences of the Hon. J.A. Calder," p. 67.
36. Dept. of Telephones, Annual Report, 1924, p. 62.
37. Brett Fairbairn, Building a Dream: The Co-operative Retailing System in Western Canada, 1928-1988 (Saskatoon: 1989) p. 6.
38. Ibid.
39. SAB, M4 Martin II. Speeches and Articles, 1921 (5), fol. 43237.
40. CAR, 1908, pp. 97-8.
41. Ibid., 1909, p. 534. See also Michael Denny, Government Enterprise in Western Canada's Telecommunications, Economic Council of Canada, Discussion Paper, no. 301 (Ottawa: 1986) pp. 49-50.
42. Dept. of Telephones, Annual Report, 1924, p. 63. See also, Turner, "Reminiscences of the Hon. J.A. Calder," p. 67; Denny, pp. 49-50; Waverman, p. 70.
43. Walter Scott to Clifford Sifton, 15 April 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59177.
44. Ibid., fol. 59178.

45. David E. Smith, Prairie Liberalism: The Liberal Party in Saskatchewan 1905-1971 (Toronto: 1975) p. 56.
46. Barnhart, p. 163.
47. Archer, History of Saskatchewan, p. 153.
48. Select Committee on Telephones, 1905, SAB, M1 Scott IV. 156. Telephones 1906-1916 (2), fol. 59390.
49. Ibid., fol. 59398-9.
50. Ibid., fols. 59385-9, 59390-7.
51. "The Telephone Enquiry," TCE, vol. XII, no. 5 (May 1905): pp. 131-32.
52. Leader, Regina, 30 April and 2 May 1908.
53. Morning Leader, Regina, 6 May 1908.
54. Ibid., 6 and 19 May 1908.
55. Ibid., 6 May 1908.
56. Brennan, "Political History of Saskatchewan," p. 108.
57. Leader, Regina, 6 and 19 May 1908.
58. Ibid.
59. Journals of the Legislative Assembly of Saskatchewan, 1908, vol. III, p. 43.
60. Ibid., p. 60; Leader, Regina, 19 May 1908..
61. Ibid., p. 114.
62. Dept. of Telephones, Annual Report, 1909, p. 5.
63. Walter Scott to Clifford Sifton, 15 April 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59177.
64. Ibid.
65. The Commissionership of Railways, Telegraphs and Telephones was equivalent, however, to a ministry post. The person appointed became a member of the Executive Council of the province, or cabinet. He was also entrusted with all the powers and charged with all the responsibilities of his office, according to the telephone Acts. (Boam, Prairie Provinces, p. 51.)
66. "Troubles of Regina's Liberals," Winnipeg Telegram, 2 May 1916.
67. Clifford Sifton to Walter Scott, 11 April 1908, SAB, M1 Scott IV. 156. Telephones 1908-1916 (1), fol. 59176.
68. A.W. Fraser to Walter Scott, 18 April 1908, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (2), fol. 25969.
69. Walter Scott to Clifford Sifton, 15 April 1908, ibid., fol. 59177; Walter Scott to A.W. Fraser, 24 April 1908, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (2), fol. 25970.
70. A.W. Fraser to Walter Scott, 18 April 1908, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-17 (2), fols. 25968-9.
71. Walter Scott to A.W. Fraser, 24 April 1908, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (2), fol. 25970.
72. Dept. of Telephones, Annual Report, 1909, p. 5.
73. Ibid.
74. Ibid.
75. Brennan, "Political History," p. 123.
76. Morning Leader, Regina, 1 August 1908. See also the CAR, 1908, p. 485.
77. Ibid., 21 July 1908.
78. CAR, 1908, p. 494.
79. Leader, Regina, 29 July 1908.
80. SAB, G 7. 1908.5
81. SAB, 7. 1908.7 (oversize).
82. Morning Leader, Regina, 1 August 1908.
83. Daily Standard, Regina, 25 July 1908; Morning Leader, Regina, 25 July and 1 August 1908.
84. CAR, 1908, p. 496.
85. Daily Standard, Regina, 10 February 1911.
86. Spafford, "The Elevator Issue,@ pp. 180-82.
87. Turner, "Reminiscences of the Hon. J.A. Calder," p. 63.
88. Smith, Prairie Liberalism, p. 24.
89. Ibid.

Endnotes to Chapter 5

1. Denny, Government Enterprise, pp. 56-7.
2. Ibid., p. 149.
3. Department of Telephones, Annual Report, 1910, p. 11.
4. Spafford, p. 25.
5. Fowke, p. 143.
6. Spafford, p. 25.
7. Ibid., p. 24.
8. Evelyn Eager, Saskatchewan Government: Politics and Pragmatism (Saskatoon: 1980) p. 2.
9. Statues of the Province of Saskatchewan, 1908, Chapt. V, pp. 166-67.
10. Spafford, p. 71.
11. Statutes of the Province of Saskatchewan, 1908, Chapt. V, p. 162.
12. Ibid., p. 71.
13. Dept. of Telephones, Annual Report, 1909, p. 16.
14. Ibid.
15. Ibid., p. 17.
16. Department of Telephones, Annual Report, 1909, p. 7.
17. Spafford, pp. 71-2.
18. Statutes of the Province of Saskatchewan, 1909, Chapt. 13, p. 234.
19. Ibid., 1910-11, Chapt. 7, pp. 43-4.
20. Ibid., 1918-19, Chapt. 10, p. 59.
21. Ibid., 1912-13, Chapt. i, p. 3.
22. Morning Leader, Regina, 9 March 1912; Spafford, p. 72.
23. Statutes of the Province of Saskatchewan, 1917, Chapt. 34, p. 3.
24. Ibid., 1913, Chapts. 4-5, pp. 25-7.
25. Ibid., 1919, Chapt. 10, p. 56.
26. Civil Service Commissioner to William Martin, 6 February 1918, SAB, M4 Martin I. Civil Service, Appointments 1916-1922 (2), fols. 13480-81.
27. Spafford, p. 73.
28. Leader Post, Regina, 31 March 1947; Spafford, p. 73.
29. Denny, p. 25.
30. E. Marshall Young to Walter Scott, 25 August 1908, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (3), fols. 26084-5.
31. Walter Scott to E. Marshall Young, 31 August 1908, ibid., fol. 26088.
32. Walter Scott to E. Marshall Young, 3 September 1908, ibid., fol. 26089.
33. J. McLeod to Joseph Jelminski, 18 January 1910, ibid., Appointments: Saskatchewan 1905-1917 (4), fol. 26262.
34. 22 January 1900, ibid., fol. 26263.
35. R.W. Grant to S.P. Porter, 30 March 1909, ibid., fol. 26329.
36. H.C. Brittain to Walter Scott, 8 April 1913, ibid., Appointments: Saskatchewan 1905-1917 (9), fol. 26939.
37. J. McLeod to H.C. Brittain, 11 April 1913, ibid., fol. 26940.
38. C. "Charlie" D. Fisher to Walter Scott, 10 September 1908, ibid., Appointments: Saskatchewan 1905-1917 (3), fol. 26116.
39. Walter Scott to Charlie D. Fisher, 16 September 1909, ibid., fol. 26117.
40. Walter Scott to Senator Robert Beith, 21 October 1909, ibid., Appointments: Saskatchewan 1905-1917 (5), fol. 26424.
41. D.W. McIvor to J.A. Calder, 4 January 1912, SAB, M2 Calder 58, Saltcoats Constituency 1909-1912 (1), fol. 8605.
42. J.A. Calder to D.W. McIvor, 10 January 1912, ibid., fol. 8606.
43. J.A. Calder to D.C. McNab, 11 January 1912, ibid., fol. 8607.
44. D.C. McNab to J.A. Calder, 8 February 1912, ibid., fol. 8608.
45. Walter Scott to G.P. McGregor, 2 June 1913, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (9), fol. 26947.
46. Walter Scott to H. Arthur Campbell, Edmonds, B.C., 17 August 1914, ibid., Appointments: Saskatchewan 1905-1917 (10), fol. 27108.

47. Walter Scott to J.H. McConnell, Man., 30 June 1915, Appointments: Saskatchewan 1905-1917 (11), fol. 27309.
48. A.W. Gibson to James Sutherland, Superintendent of Telephones, Saskatchewan, 5 March 1912, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (8), fols. 26837-8. See also A.W. Gibson to J.A. Calder, 26 February 1913, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9622; A.W. Gibson to J.A. Calder, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (8), fol. 26836.
49. A.W. Gibson to James Sutherland, 5 March 1912, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905-1917 (8), fol. 26838.
50. J. McLeod to George P. Graham, Liberal MP for Brockville, Ont., 18 April 1912, *ibid.*, fol. 26834.
51. D.C. McNab to J. McLeod, 28 September 1912, *Ibid.*, fol. 26839.
52. J. McLeod to George P. Graham, 2 October 1912, *ibid.*, fol. 26840.
53. A.W. Gibson to J.A. Calder, 26 February 1913, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9622.
54. Smith, *Prairie Liberalism*, pp. 30-1, 34.
55. *Ibid.*, p. 34.
56. *Ibid.*, pp. 31, 34.
57. *Ibid.*, p. 51.
58. J.A. Calder to S.P. Porter, 7 May 1912, SAB, M2 Calder Papers 31, fol. 6272.
59. A.W. Fraser to Walter Scott, 18 April 1908, SAB, M1 Scott IV. 15. Appointments: Saskatchewan 1905- \1917 (2), fol. 25969.
60. E. Marshall Young to Walter Scott, 25 August 1908, *Ibid.*, Appointments: Saskatchewan 1905-1917 (3), fol. 26085.
61. Walter Scott to M. Hall, Wynard, Sask., 6 January 1916, SAB, M1 Scott IV. 156. Telephones, 1906-1916 (2), fol. 59372.
62. J.A. Calder to D.C. McNab, 18 March 1912, SAB, M2 Calder 58. Saltcoats Constituency, 1909-1912 (2), fol. 8774.
63. C.E. Boake to J.A. Calder, 27 April 1912, *ibid.*, fol. 8805; J.A. Calder to C.E. Boake, 27 April 1912, *ibid.*, fol. 8806.
64. A. Becker to J.A. Calder, 19 March 1912, *ibid.*, fol. 8775; D.C. McNab to A. Becker, 21 March 1912, *ibid.*, fol. 8777.
65. Vern Gordon to J.A. Calder, 29 April 1912, SAB, M2 Calder 59. Saltcoats Constituency, Public Works, 1908-1912 (4), fol. 9350; J.A. Calder to Vern Gordon, 7 May 1912, *ibid.*, fol. 9351; W. Warren to J.A. Calder, 9 May 1912, *ibid.*, fols. 9352-53; J.A. Calder to W. Warren, 7 May 1912, *ibid.*, fol. 9354; D.C. McNab to J.A. Calder, 13 May 1912, *ibid.*, fol. 8834; J.A. Calder to M.D. Barker, 12 June 1912, SAB, M2 Calder 58. Saltcoats Constituency, 1908-1912 (3), fol. 8879.
66. Andrew Holmes to J.A. Calder, 31 August 1910, SAB, M2 Calder 61. Telephones, 1908-1917, fol. 9592; J.A. Calder to Andrew Holmes, 2 September 1910, *ibid.*, fol. 9593.
67. R.J. Phin to J.A. Calder, 3 May 1912, *ibid.*, fols. 9610-11.
68. R.J. Phin to J.A. Calder, 2 May 1912, *ibid.*, fol. 9609.
69. J.A. Calder to R.J. Phin, 7 May 1912, *ibid.*, fol. 9612.
70. J.A. Calder to R.J. Phin, 7 May 1912, *ibid.*, fol. 9613.
71. Department of Telephones, *Annual Report*, 1909, p. 8.
72. Robert Jardine to Walter Scott, 15 September 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59184.
73. S.P. Porter to Robert Jardine, 18 September 1980, *ibid.*, fol. 59186. See also Walter Scott to S.P. Porter, 18 September 1908, *ibid.*, fol. 59185.
74. D.C. McFee to Walter Scott, 6 November 1908, *ibid.*, fol. 59195.
75. W.H. Roughsedge to Walter Scott, 9 January 1911, *ibid.*, Telephones 1906-1916 (2), fol. 59269. See also Department of Telephones, *Annual Report*, 1924, p. 16.
76. Walter Scott to S.P. Porter, 27 June 1910, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59255.
77. Walter Scott to W.H. Roughsedge, 13 January 1911, *ibid.*, Telephones 1906-1916 (2), fol. 59271.
78. John Chisholm to Walter Scott, 28 February 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59197.
79. John Chisholm to Clifford Sifton, 29 December 1908, *ibid.*, fol. 59202.

80. Clifford Sifton to Walter Scott, 2 January 1909, ibid., fol. 59201.
81. Smith, Prairie Liberalism, p. 31.
82. A.T. Davis to Walter Scott, 31 March 1910, ibid., fol. 59252.
83. Walter Scott to Clifford Sifton, 8 January 1909, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59203.
84. In 1910, for example, the department purchased a shipment of telephone cord from the Paragon Sellers Company of Philadelphia, Penn. (See J.A. Tait, City Freight Agent, CNR, Regina, to S.P. Porter, 30 November 1910, SAB, Department of Railways 46. CNR General 1908-1921 (2).) Similarly, from an inventory taken of the companies that supplied telephone equipment to the provincial system, it is clear that the department continued to rely on a few American firms for poles, telephone sets, dials, cords, switchboards and one or two other items. But this was mostly to obtain sufficient equipment in the face of rapid expansion of the plant and the growing demand for service. In fact, of forty-five companies listed, seventeen were based in Saskatchewan and fifteen more were headquartered in the other three western provinces. Only seven retailers were listed from eastern Canada, and a mere six from the United States. This means that seventy-one percent of the department=s business was transacted in the Canadian West, and seventeen percent of the total in Saskatchewan. The simple most important supplier of equipment to the Department of Telephones was the Northern Electric Company Ltd. of Regina. (See SAB, P-M15. Telephone Commission 4.2.)
85. Denny, Government Enterprise, p. 25.
86. Department of Telephones, Annual Report, 1909, p. 8.
87. A.R. Davidson to Walter Scott, 1 March 1910, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59241. See also a telegram from Messrs. Davidson & McRae to Walter Scott, dated 28 February 1910, ibid., fol. 59240.
88. Archer, Saskatchewan, p. 163.
89. L. Hill to Francis Dagger, 22 June 1908, SAB, M2 Calder 61, Telephones 1908-1917, fol. 9581.
90. Ibid., fols. 9582-3. (Emphasis his.)
91. Francis Dagger to J.A. Calder, 25 July 1908, ibid., fol. 9580.
92. H.P Cooper to Walter Scott, 12 June 1909, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fols. 59207-8.
93. Walter Scott to H.P. Cooper, 15 June 1909, ibid., fol. 59209.
94. George Stephen to S.P. Porter, 25 June 1909, SAB, Department of Railways 46. CNR General 1908-1921 (1).
95. S.P. Porter to George Stephen, 26 June 1909, ibid.
96. George Stephen to D.C. McNab, 17 March 1913, ibid., CNR General 1908-1921 (2); D.C. McNab to George Stephen, 25 March 1913, ibid.
97. See, for example, S.P. Porter to M.H. McLeod, General Manager, CNR, Winnipeg, 1908. ibid.
98. See, for example, S.P. Porter to M.H. McLeod, 7 December 1908; M.H. McLeod to S.P. Porter, 17 and 18 December 1908; ibid., Department of Railways 46. CNR General 1908-1921 (1); W. Warren, Chief Engineer, Department of Telephones, to H.H. McConkey, CNR Telegraph Department, 30 April 1910; H.H. McConkey to W. Warren, 2 May 1910, ibid., CNR General 1908-1921 (2).
99. Walter Scott to D. Mann, 12 May 1908, SAB, Department of Railways 67. Railway Right-of-Way for Telephone Poles, 1908-1912, fol. 565.
100. F.W. Peters to Walter Scott, 5 June 1908, SAB. Department of Railways 67. Railway Right-of-Way for Telephone poles, 1908-1912, fol. 564.
101. S.P. Porter to F.W. Peters, 12 June 1908, ibid., n.p.
102. For a letter to this effect, see S.P. Porter to T.A. Colclough, Department of the Attorney General of Saskatchewan, 6 July 1911, ibid.
103. See S.P. Porter to M.H. McLeod, 21 April 1909; D.C. McNab to M.H. McLeod, 21 and 26 April 1909; M.H. McLeod to S.P. Porter, 27 April 1909, SAB, Department of Railways 46. CNR General 1908-1921 (1).
104. See, for example, M.H. McLeod to James Sutherland, 22 January 1909, ibid.; S.P. Porter to M.H. McLeod, 30 March 1910, ibid., CNR General 1908-1921 (2).
105. For examples, see: S.P. Porter to M.H. McLeod, 2 January 1908; S.P. Porter to M.H. McLeod, 31 July 1908; S.P. Porter to M.H. McLeod, 21 June 1908, ibid.

106. M.H. McLeod to S.P. Porter, 30 March 1910, ibid., CNR General 1908-1921 (2).

107. For examples, see: S.P. Porter to George Stephens, Assistant General Freight Agent, CNR, Winnipeg, 24 April 1909, ibid., CNR General 1908-1921 (1); D.C. McNab to George H. Shaw, Traffic Manager, CNR, Winnipeg, 8 October 1909, ibid.; S.P. Porter to the CNR agent, Regina, 23 June 1911 and 3 July 1911, ibid., CNR General 1908-1921 (2); S.P. Porter to George Stephens, General Freight Agent, CNR, Winnipeg, 10 May 1911, 10 July 1911, 14 July 1911, 19 July 1911, 27 July 1911 and 28 July 1911, ibid.; S.P. Porter to the CNR agent, Regina, 1 August 1911, ibid.

108. In 1910, for example, a rent of four dollars was paid by the Telephone Department on cars No. 21417 and No. 28003. See S.P. Porter to the CNR agent, North Battleford, 30 March 1910, ibid., CNR General 1908-1921 (2).

109. F. Somerville, of Somerville & Olsen, Telephone Contractors, to D.C. McNab, 20 May 1915, ibid. See also D.C. McNab to Messrs. Somerville and Olsen, 25 May 1915, ibid.

110. See S.P. Porter to George H. Shaw, 24 August 1908, ibid., CNR General 1908-1921 (1); S.P. Porter to George Stephens, 18 March 1911, ibid., CNR General 1908-1921 (2).

111. S.P. Porter to George H. Shaw, 29 December 1908, ibid., CNR General 1908-9\1921 (1).

112. For other examples, see: S.P. Porter to W.S. Manders, Assistant General Manager of the CNR, Winnipeg, 29 June 1909, ibid.; James Sutherland to the CNR agent, Regina, 19 November 1909, ibid.; and three letters by Sutherland to the same agent, each dated 26 November 1909, ibid.

113. James Sutherland to F.W. Hearn, 28 February 1910, ibid. For another example, see James Sutherland to I.T. Torry, CNR agent, North Battleford, 1 and 18 February 1910, ibid.

114. S.P. Porter to R.J. Burdette, 5 March 1910, ibid., CNR General 1908-1921 (2). For Porter's handling of a similar problem two years before, see his letter to the CNR Claims Agent, Winnipeg, 4 December 1908, ibid.

115. D.C. McNab to J.H. Mitchell, CNR agent, Stratton, Ont., 4 December 1909, ibid., CNR General 1908-1921 (1).

116. S.P. Porter to George Stephens, General Freight Agent, Winnipeg, 11 May 1909, ibid.

117. James Sutherland to the CNR agent, Regina, 15 December 1909, ibid.

118. James Sutherland to E.C. Woods, CNR agent, Warman, Sask., 14 February 1910, ibid.; James Sutherland to the CNR agent, Vonda, Sask., 31 March 1910, ibid., CNR General 1908-1921 (2).

119. James Sutherland to the CNR agent, Dana, Sask., 28 February 1910, ibid., CNR General 1908-1921 (1).

120. See: S.P. Porter to F.A. Shaw, General Freight Agent, CNR, Winnipeg, 22 August 1908, ibid.; George Stephen to S.P. Porter, 26 August 1908, ibid.; C.E. Friend, Auditor, CNR, Winnipeg, to S.P. Porter, 31 August 1910, ibid.; S.P. Porter to C.E. Friend, 10 October 1908, ibid.; D.C. McNab and S.P. Porter to C.E. Friend, 28 September 1909, ibid.; C.E. Friend to James Sutherland, 3 December 1909, ibid.; S.P. Porter to the CNR agent, Regina, 7 August 1911, ibid., CNR General 1908-1921 (2).

121. Smith, Prairie Liberalism, pp. 49-50.

122. Walter Scott to O.B. Fysh, 22 June 1909, SAB, Scott Papers, fol. 3641.

123. Denny, Government Enterprise, p. 28. Denny is not quite correct. Technological innovations can eliminate certain categories of troubles, but there are always new ones to take their place. At best, such innovations can reduce problems; otherwise, no technological system is problem free.

124. M.D. Fagan, ed., A History of Engineering and Science in the Bell System: The Early Years (1875-1925) (Bell Telephone Laboratories, Inc.: 1975) p. 16.

125. Ibid., 498; John E. Kingsbury, The Telephone and Telephone Exchanges: Their Innovation and Development (New York: 1915) pp. 298-99.

126. Fagan, p. 497.

127. Denny, Government Enterprise, pp. 26-7.

128. Fagan, pp. 201-02; Kingsbury, pp. 419-20; Paten, p. 130; Denny, Government Enterprise, pp. 27-8; Herbert N. Casson, The History of the Telephone (Freeport, NY: 1910) pp. 135-36.

129. Fagan, p. 202.

130. Ibid., pp. 202-03; Kingsbury, pp. 421-23; Casson, pp. 136-37.

131. So enormous was the use of copper wire by American telephone companies up to 1910, noted Herbert Casson, Athat fully one-fourth of all the capital invested in the telephone has gone to the owners of the copper mines.@ (Casson, p. 137.)

132.Collins, A Voice From Afar, p. 192.

133.Casson, pp. 137-39; Patton, p. 138, Collins, A Voice From Afar, p. 192.

134.Fagan, p. 203.

135.Ibid., p. 204; Patten, p. 138; Collins, A Voice From Afar, p. 152.

136.Casson, pp. 121-22.

137.Ibid., pp. 122-23; Fagan, pp. 204-05; Patten, pp. 135-36.

138.Casson, p. 141.

139.Patten, p. 133.

140.Patten, pp. 133-34. See also Casson, pp. 145-47; Fagan, pp. 476-91; Kingsbury, pp. 152-78, 212-39.

141.For a contemporary description of the operation, see ANew Central Energy Will Start Today,@ Morning Leader, Regina, 26 February 1908.

142.Ibid.

143.Ibid.; AIndependent Telephony in Canada,@ TCE, X, no. 1 (January 1903): pp. 4-5; Collins, A Voice From Afar, p. 152.

144.ANew Central Energy Will Start Today,@ Morning Leader, Regina, 26 February 1908.

145.Ibid.

146.Phenix, Saskatoon, 10 October 1906 and 26 January 1907.

147.Patten, p. 134.

148.Daily Phenix, Saskatoon, 2 February 1907. See also Kerr and Hanson, Saskatoon, p. 94.

149.Daily Phenix, Saskatoon, 4 January 1906.

150.Francis Dagger, AIs Telephone Competition in Canada Desirable?@, TCE, X, no. 6 (June 1903): p. 160.

151.Daily Phenix, Saskatoon, 2 February 1907.

152.Ibid.

153.The advertising pamphlet, entitled AFrozen SpeechB-A Blow to Mark Twain=s Imagination,@ by J. Hopkins, is found in SAB, M1 Scott XV, Printed Enclosures (2) fol. 20098. See also the testimonial by T.D. Sheffield, Industrial Commissioner, who witnessed the demonstration of the Telegraphone on 6 June 1910. (Ibid., fol. 20103.)

154.Ibid., fol. 20102.

Endnotes to Chapter 6

1. Dept. of Telephones, Annual Report, 1909, p. 6.
2. Ibid., p. 16.
3. Ibid., pp. 6, 11.
4. Dagger report, p. 8.
5. Knubley, p. 16; Economic Council of Canada, Minding the Public's Business, p. 13.
6. Colin Cherry, "The Telephone System: Creator of Mobility and Social Change," in The Social Impact of the Telephone, ed. by Ithial de Sola Pool (Cambridge, MA: 1977) p. 115.
7. Ibid., p. 116.
8. Quoted in Waverman, p. 69.
9. Robert Bornholz and David S. Evans, "The Early History of Competition in the Telephone Industry," in Breaking Up Bell, p. 30.
10. Ibid., p. 29.
11. Quoted in ibid..
12. James Mavor, Government Telephones: The Experience of Manitoba, Canada (New York: 1916), p. 28; Collins, A Voice From Afar, p. 187.
13. Morning Leader, Regina, 28 February 1908.
14. Cashman, Singing Wires, pp. 163-4; Collins, A Voice From Afar, p. 190.
15. Walter Scott to A.C. Rutherford, 1 June 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59180.
16. A.C. Rutherford to Walter Scott, 6 June 1908, ibid., fol. 59181.
17. William T. Scott to J.A. Calder, 23 June 1908, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9579.
18. Ibid..
19. William T. Scott to Walter Scott, 29 June 1908. ibid., vol. 9576.
20. J.A. Calder to William T. Scott, 14 December 1908, ibid., fol. 9587.
21. J.A. Calder to C.F. Sise, Jr., 21 August 1908, ibid., fol. 9585. See also J.A. Calder to William T. Scott, 14 December 1908, ibid., fol. 9587.
22. William T. Scott to J.A. Calder, 15 November 1908, ibid., fol. 9586.
23. Saskatchewan Legislative Assembly Office, Sessional Papers, Session 1909, No. 9, C.F. Sise to J.A. Calder, 4 February 1909; J.A. Calder to F.G. Webber, 27 February 1909.
24. Spafford, p. 18.
25. Dept. of Telephones, Annual Report, 1909, p. 9.
26. Ibid., 1910, p. 14.
27. See, for example, ibid., p. 22.
28. Statutes of the Province of Saskatchewan, 1910-11, Chapt. 23, p. 105; CAR, 1911, p. 570; Journals of the Legislative Assembly of the Province of Saskatchewan, vol. VI (Regina: 1911) pp. 16, 89, 121.
29. Turner, "Reminiscences of J.A. Calder," p. 48.
30. Dept. of Telephones, Annual Report, 1909, p. 12.
31. Journals of the Legislative Assembly of the Province of Saskatchewan, vol. IV (Regina: 1909) p. 41. The documents were tabled by J.A. Calder a week later. (Ibid., p. 65.)
32. Brennan, p. 136.
33. Dept. of Telephones, Annual Report, 1910, p. 12; Turner, "Reminiscences of J.A. Calder," p. 48; CAR, 1909, pp. 534, 535; Patten, Pioneering the Telephone in Canada, p. 83; Collins, A Voice From Afar, p. 187; Waverman, p. 70. In the "Memorandum of Agreement," signed on 20 April 1909 between Bell Canada and the Saskatchewan government, the price quoted was $367,500. (SAB, R 743. No. 45, p. 3.)
34. Brennan, p. 138.
35. Leader, Regina, 22 April 1909.
36. Dept. of Telephones, Annual Report, 1910, pp. 12-13; CAR, 1909, p. 534.
37. "Memorandum of Agreement," SAB, R 743. No. 45, pp. 1-3.
38. Ibid., p. 3.
39. Mavor, Government Telephones, p. 29. For a good brief description of the Roblin government's telephone woes, see Armstrong and Nelles, Monopoly's Moment, pp. 193-5.

40. J.W. Dafoe to Walter Scott, 29 February 1909, SAB, M1 Scott IV. 56. Telephones 1906-1916 (1), fol. 59238.
41. J.A. Calder to J. W. Dafoe, 26 January 1909, SAB, P2 Calder. 1. 132.
42. R.A.C. Manning, solicitor, Winnipeg, to W.J. Gallon, Regina, 22 November 1916, SAB, P-M15. Telephone Commission 4.15.
43. Walter Scott to J.W. Dafoe, 31 December 1909, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59239.
44. For the correspondence related to this amusing incident, see: Francis Dagger to Walter Scott, 1 October 1908, ibid., fol. 59187; Walter Scott to Francis Dagger, 2 October 1908, ibid., fol. 59188; Francis Dagger to Walter Scott, 3 October 1908, ibid., fol. 59191; Walter Scott to Francis Dagger, 5 October 1908, ibid., fol. 59192; D.C. McNab to Walter Scott, 7 October 1908, ibid., fol. 59193; Francis Dagger to Walter Scott, 10 October 1908, ibid., fol. 59194.
45. CAR, 1909, p. 219.
46. Ibid..
47. Charles Thomas to Walter Scott, 18 June 1907, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59157; Walter Scott to Charles Thomas, 26 June 1907, ibid., fol. 59158; Charles Thomas to Walter Scott, 7 July 19908, ibid., fol. 59159.
48. Leader, Regina, 28 February 1908; Brennan, p. 136.
49. Brennan, p. 137.
50. Leader, Regina, 27 August 1908.
51. J.A. Sheppard to J.A. Calder, 3 May 1909, SAB, M2 Calder 61, Telephones 1908-1917, fol. 9589.
52. J.A. Calder to J.A. Sheppard, 3 May 1909, ibid., fol. 9588.
53. Dept. of Telephones, Annual Report, 1910, pp. 12-13; Leader, Regina, 10 June 1909; S.P. Porter to T.A. Colclough, Department of the Attorney General, Saskatchewan, 16 July 1911, SAB, Department of Railways 67. Railway Right-of-Way for Telephone Poles, 1908-1912. According to the Canadian Annual Review, the plant consisted of only three local exchanges, eighteen toll offices and 603 miles of long-distance line. (CAR, 1910, pp. 534-5.)
54. S.P. Porter to T.A. Colclough, 6 July 1911, SAB, Department of Railways 67. Railway Right-of-Way for Telephone Poles, 1908-1912.
55. Brennan, p. 138.
56. Dept. of Telephones, Annual Report, 1909, p. 8.
57. Dept. of Telephones, Annual Report, 1910, p. 12.
58. Ibid., pp. 13, 15-17.
59. Ibid., p. 12.
60. Ibid., 1911, pp. 24-5.
61. Ibid., 1910, p. 13.
62. Ibid., p. 12.
63. J.A. Calder to J.C. Drinkle, undated, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9575; Kerr and Hanson, Saskatoon, p. 95; Boam, Prairie Provinces, p. 185.
64. Phenix, Saskatoon, 4 January 1906.
65. Kerr and Hanson, Saskatoon, pp. 94-5; Archer, Saskatoon, p. 28.
66. Dept. of Telephones, Annual Report, 1913, p. 19; Hluchaniuk, Yorkton, p. 121.
67. Dept. of Telephones, Annual Report, 1912, p. 27.
68. Journals of the Legislative Assembly of the Province of Saskatchewan, vol. V (Regina: 1909) p. 8.
69. Dept. of Telephones, Annual Report, 1910, p. 14; and 1912, pp. 29, 60-1.
70. "An Act respecting the Taxation of Corporations," Revised Statutes of Saskatchewan, 1909, Chapt. 39, p. 441. See also J.A. Calder to William Cosgrove, tax assessor, 27 April 1912, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9608.
71. In terms of the government's long-distance telephone construction, a "pole-mile" of line consisted of forty-five poles and 300 pounds of wire. The total cost of one mile of construction in 1916, including the price of building, hauling, digging post-holes and so on, came to $131. For a break down of costs item by item, see SAB, P-M15 Telephone Commission 4.15.
72. Dept. of Telephones, Annual Report, 1913, pp. 6, 12.
73. Ibid., 1910, p. 14.
74. Ibid., 1911, p. 22; and 1912, p. 24. See also CAR, 1910, p. 507; and 1911, p. 578; and 1912, p. 556.

75. CAR, 1911, p. 578.
76. Morning Leader, Regina, 6 August 1907. See also Brennan, p. 200; Spafford, pp. 26-7.
77. Ibid., 1924, p. 63.
78. Ibid., 1909, p. 7. See also Archer, Saskatchewan, pp. 140-41.
79. Mayor of Weyburn to Sir Donald Mann, 21 August 1912, SAB, Department of Railways 46. CNR General 1908-1921 (2).
80. Jones, O Little Town, p. 115.
81. W.A. Mackintosh, Economic Problems of the Prairie Provinces (Toronto: 1935) pp. 153-54.
82. SAB, M1 Scott XV. Printed Enclosures (5), fol. 40094. The speech was reprinted in the Saskatoon Daily Phenix on 14 January 1910, under the title, "Earnestly Seeking a Fair Solution."
83. Collins, A Voice from Afar, p. 20; Archer, Saskatchewan, p. 154; Spafford, p. 26.
84. Shepherd, p. 97. Se also Dept. of Telephones, Annual Report, 1909, p. 7.
85. Archer, Saskatchewan, p. 154; Jones, O Little Town, p. 106.
86. Shepherd, p. 96.
87. Lorraine Blashill and Joy Johnston, Homestead Heritage: The Story of Strongfield (Saskatoon: 1976) p. 96.
88. Shepherd, p. 93.
89. Dept. of Telephones, Annual Report, 1909, pp. 6, 14.
90. Ibid., 1911, p. 19.
91. Ibid..
92. Ibid., 1909, p. 13.
93. Ibid..
94. Ibid., p. 14. The smallest company was the West Weyburn Rural Telephone Company, with a capital investment of $300, five pole-miles of proposed line and five telephones. The largest was the Saltcoats Rural Telephone Company, with a capital investment of $12,000, eighty-four pole-miles of proposed line and seventy-five telephones.
95. Ibid., pp. 6, 15.
96. Ibid., 1924, p. 65.
97. Spafford, pp. 29-30.
98. Ibid., p. 28; "Re: Expert, re: Calder's Testimony, re: Illustration Systems," SAB, M1 Scott IV. 156. Telephones 1906-1916 (2), fol. 59382.
99. "Re: Expert, re: Calder's Testimony...," SAB, M1 Scott IV. 156. Telephones 1906-1916 (2), fols. 59380-83.
100. Statutes of the Province of Saskatchewan, 1908, Chapt. 7, pp. 173-74; Dept. of Telephones, Annual Report, 1924, p. 11; Brennan, p. 106; Spafford, pp. 30-1.
101. Dept. of Telephones, Annual Report, 1910, p. 12; "Re: Expert, re: Calder's Testimony...," SAB, M1 Scott IV. 156. Telephones 1906-1916 (2), fol. 59383.
102. William Cosgrove to J.A. Calder, 2 April 1912, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9607.
103. J.A. Calder to William Cosgrove, 27 April 1912, ibid., fol. 9608.
104. Dept. of Telephones, Annual Report, 1910, p. 12; and 1924, p. 66.
105. Ibid., 1924, p. 59.
106. Ibid., p. 58.
107. "Re: Expert, re: Calder's Testimony...," SAB, M1 Scott IV. 156. Telephones 1906-1916 (2), fol. 39383.
108. Dept. of Telephones, Annual Report, 1909, p. 10.
109. Ibid., p. 9; 1924, pp. 11, 56, 66.
110. Ibid., 1924, pp. 11, 56, 58-9.
111. Statutes of the Province of Saskatchewan, 1908, Chapt. 7, p. 173.
112. Ibid., p. 174.
113. Grain Growers' Guide, August 1912.
114. Walter Scott to Harold Holt, Watertown, Sask., 4 October 1909, SAB, M1 Scott IV. 159. Telephones 1906-1916 (1), fol. 59228; and to R. Johnston, Radisson, Sask., 10 June 1912, ibid., Telephones 1906-1916 (2), fol. 59328.
115. Dept. of Telephones, Annual Report, 1924, p. 11.
116. TCE, VIII, no. 13 (May 1901): p. 284.

117. Collins, A Voice From Afar, p. 208; Shepherd, p. 93.
118. Wright, p. 136.
119. Quoted in Shepherd, p. 93.
120. Wright,p. 137; Jones, O Little Town, p. 164.
121. Walter Scott to W.T. Balfour, 13 November 1909, SAB, M1 Scott IV. 159. Telephones 1906-1916 (1), fol. 59234. See also Walter Scott to Harold Holt, Watertown, Sask., 9 October 1909, ibid., fol. 59228.
122. Walter Scott to W.T. Balfour, 13 November 1909, ibid., fol. 59234. See also Walter Scott to James Russell, Craven, Sask., 21 December 1909, ibid., fol. 59237. For Balfour's original letter of inquiry to Scott (dated 12 November 1909) and his reply to the premier's response (dated 23 November 1909), see ibid., fols. 59233, 59234. For other related documents, see James Russell to Walter Scott, 18 February 1909, ibid., fols. 59229-30, and a memorandum by Walter Scott, c. 13 November 1909, ibid., fols. 59231-32.
123. Walter Scott to James Russell, Craven, Sask., 21 December 1909, ibid., fols. 59236-37.
124. Dept. of Telephones, Annual Report, 1909, pp. 10, 11.
125. Ibid., pp. 10, 11-12.
126. B.J. Kirkpatrick, secretary-treasurer, Truaux Rural Telephone Co., to J.A. Calder, 4 October 1909, SAB, M2 Calder 46. Milestone Constituency 1905-1911 (2), fols. 6858-59.
127. Sidney Porter to J.A. Calder, 14 October 1909, ibid., fol. 6860.
128. Walter Scott to G. Spring-Rice, 18 August 1909, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59219. See also a memorandum by Scott on the same subject, fols. 59217-18.
129. G. Spring-Rice to Walter Scott, 6 March 1910, ibid., fols. 59245-46.
130. J. McLeod to G. Spring-Rice, 18 March 1910, ibid., fol. 59247.
131. G. Spring-Rice to J. McLeod, 20 March 1910, ibid., fol. 59248.
132. Walter Scott to G. Spring-Rice, 22 March 1910, ibid., fol. 59249.
133. Gavin H. Wilson to Walter Scott, 25 September 1911, ibid., Telephones 1906-1916 (2), fols 59300-02.
134. William Sim to J.A. Calder, telegram dated 7 August 1910, SAB, M2 Calder 44 (2), fol. 5801.
135. Walter Scott to J.A. Calder, 25 August 1909, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59221.
136. Dept. of Telephones, Annual Report, 1909, p. 9.
137. Ibid., 1910, p. 14.
138. Daily Standard, Regina, 10 February 1911.
139. Morning Leader, Regina, 14 February 1911.
140. Ibid..
141. Ibid..
142. Spafford, p. 35.
143. The Morning News, 27 April 1912, SAB, Provincial Government and Politics, X3 19/1, fol. 2. See also The Daily Province, Regina, 17 and 22 April 1912, 31 May 1912; CAR, 1912, p. 568.
144. Brennan, p. 194.
145. Just two or three months later, however, Haultain was appointed Chief Justice of Saskatchewan by Prime Minister Sir Robert Borden. On 1 June 1916 he was knighted for his years of distinguished public service, and in 1917 he was named Chancellor of the University of Saskatchewan, a position he held for twenty-one years. (MacEwan, pp. 170, 171, 183-85.)
146. Spafford, pp. 33-4.
147. Dept. of Telephones, Annual Report, 1911, p. 19.
148. Ibid., 1913, pp. 55, 57; CAR, 1912, pp. 533-34. The break-down of companies incorporated per year is as follows:

1909 = 31 rural companies, 890.5 pole-miles, 954 subscribers
1910 = 45 rural companies, 1,247.25 pole-miles, 1,243 subscribers
1911 = 66 rural companies, 1,343.25 pole-miles, 1,378 subscribers
1912 = 109 rural companies, 2,328.25 pole-miles, 2,558 subscribers
1913 = 86 rural companies, 1,744.75 pole-miles, 1,876 subscribers

See Dept. of Telephones, Annual Report, 1912, p. 161; 1913, pp. 22, 51.

149. Dept. of Telephones, Annual Report, 1924, pp. 12-16. See also the Journals of the Legislative Assembly of Saskatchewan (Regina: 1912-13) Appendix, p. 4.
150. Dept. of Telephones, Annual Report, 1910, pp. 14, 19.
151. Ibid., p. 22.
152. Ibid., 1924, pp. 59-60.
153. Ibid., p. 63.
154. For the following details, see the Statutes of the Province of Saskatchewan, 1912-13, Chapt. 33, pp. 150-63. See also: Dept. of Telephones, Annual Report, 1924, pp. 63-5; Journals of the Legislative Assembly of Saskatchewan, vol. VIII (Regina: 1912-13) pp. 20, 136; CAR, 1912, p. 574, and 1913, p. 592; Spafford, pp. 35-9.
155. Dept. of Telephones, Annual Report, 1916, p. 8.
156. CAR, 1913, pp. 607-08.
157. Waverman, p. 71.
158. Spafford, p. 37.
159. Morning Leader, Regina, 29 November 1913.
160. The Daily Province, Regina, 7 March 1912.
161. Ibid., 11 March 1912.
162. Dept. of Telephones, Annual Report, 1924, p. 7.
163. Dept. of Telephones, Annual Report, 1924, p. 64.
164. "General Regulations," ibid., 1914, Appendix, p. 56.
165. Spafford, p. 38.
166. Saskatchewan Legislature, Sessional Papers, No. 42 of 1930, Appendix, p. 10.
167. Spafford, p. 39.

Endnotes to Chapter 7

1. Dept. of Telephones, Annual Report, 1913, pp. 5-6, 8-24, 51, 55-7; A24,000 >Phone Subscribers in Saskatchewan,@ Leader, Regina, 20 November 1919; CAR, 1913, p. 588.
2. ASaskatchewan=s Onward March of Progress,@ Morning Leader, Regina, 17 February 1914.
3. Dept. of Telephones, Annual Report, 1924, p. 65.
4. CAR, 1911, p. 578.
5. Armstrong and Nelles, p. 284.
6. M.D. Barker to J.A. Calder, 1 March 1912, SAB, M2 Calder 58. Saltcoats Constituency 1909-1912 (3), fol. 8745.
7. J.A. Calder to M.D. Barker, 1 March 1912, ibid., fol. 8746.
8. M.D. Barker to J.A. Calder, 5 March 1912, ibid., fol. 8761; J.A. Calder to M.D. Barker, 8 March 1912, ibid., fol. 8762.
9. Harry S. Woodward to Walter Scott, 3 June 1909, SAB, M1 Scott. 156. Telephones 1906-1916 (1), fol. 59205.
10. Walter Scott to Harry S. Woodward, 7 June 1909, ibid., fol. 59206. For a similar case of delayed installation of telephone service, see J.K. Stevenson, Meteorological Office, Moose Jaw, to J.A. Calder, 11 January 1911, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9601; J.A. Calder to J.K. Stevenson, 17 January 1911, ibid., fol. 9603.
11. W.E. Knowles to J.A. Calder, 9 November 1911, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9604; S.P. Porter to J.A. Calder, 15 November 1911, ibid., fol. 9605; W.E. Knowles to P.M. Aiktow, 20 November 1911, ibid., fol. 9606; F.M. Sclanders to J.A. Calder, 22 May 1913, ibid., fol. 9626; J.A. Calder to F.M. Sclanders, 26 May 1913, ibid., fol. 9627; J.A. Calder to M.L. Robson, 9 November 1912, ibid., fol. 9621; J.A. Calder to S. Lopston, 14 August 1912, ibid., fol. 9620; D.I. Wylie to J.A. Calder, 31 March 1912, SAB, M2 Calder 48. Municipal Affairs, 1906-1916, fol. 7247; J.A. Calder to D.C. McNab, 3 April 1912, ibid., fol. 7250.
12. J.A. Calder to F.M. Sclanders, 26 May 1913, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9627.
13. CAR, 1913, p. 579.
14. Ibid., 1912, p. 550.
15. Ibid., 1913, p. 604; CAR, 1913, p. 604. By 28 February 1919, the debt had more than doubled, to $17,934,628. Of the money borrowed, $7,219,000 represented investment in revenue-producing undertakings, such as the provincial telephone system. Against the debt, the treasurer placed assets valued at $32,343,117, which included $4,305,054 for the Saskatchewan telephone system..
16. Collins, A Voice From Afar, p. 204.
17. See the schedule for the application for incorporation of the Echo Rural Telephone Company, 11 May to 7 December 1913, in SAB, Ra. Department of Railways, 4. Mr. Calder=s General Correspondence, 1912-1913. This lists in chronological order all petitions, applications, notifications, correspondence and approvals in point form, providing an excellent summary of procedures under the new Rural Telephone Act of 1913.
18. For the correspondence relating to this case, see: Norman R. Hoffman, attorney, Gull Lake, Sask., to William Martin, 7 January 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42226-27; D.C. McNab to William Martin, 13 January 1919, ibid., fol. 42228; William Martin to Norman Hoffman, 16 January 1919, ibid., fol. 42229; Norman R. Hoffman to William Martin, 17 January 1919, ibid., fol. 42230. John Berry was accused and tried for the theft of the company=s books, papers and accounts, as well as of misappropriation while acting as secretary-treasurer. He allegedly had Asucceeded in having the Department approve of something irregular and illegal under the provisions of the Act respecting Rural Telephone Companies, in order to complete the incorporation and organization of the Company.@ This apparently involved the transfer of certain lands from the Harnette Rural Telephone Co. to the Nadeauville line.
19. Dept. of Telephones, Annual Report, 1924, p. 64. See also Collins, A Voice From Afar, p. 204.
20. Dept. of Telephones, Annual Report, 1924, p. 64.
21. Shepherd, p. 32.
22. Dept. of Telephones, Annual Report, 1913, p. 51.

23. Ibid., 1924, p. 64. The editors of The Canada Year Book for 1925 also took note of this statistic. Reviewing telephone development across the country during the previous year, they commented that in all the provinces, Abesides the large telephone companies, are many smaller systems, both urban and rural, usually owned privately or co-operatively. The number of independent lines is particularly large in Saskatchewan.@ (The Canada Year Book, 2nd. ser. (Ottawa: 1925) p. 660.)

24. Melvyn Fuss and Leon Waverman, The Regulation of Telecommunications in Canada, Economic Council of Canada, Technical Paper No. 7 (Ottawa: 1981) p. 157.

25. Armstrong and Nelles, p. 280.

26. Spafford, p. 92.

27. Dagger Report, p. 9.

28. As J.A. Calder explained to the Legislature: AThere has been no general increase in rates but upon the purchase of the exchanges at Moose Jaw, Rouleau, Estevan, Weyburn and Saskatoon, certain adjustments of rates were necessary in order to have uniform rates for the whole provincial system.@ (Journals of the Legislative Assembly of Saskatchewan, VII, 1912, p. 17.

29. Spafford, pp. 92-3.

30. Walter Scott to A.J. Anderson, 21 October 1910, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59266. For Anderson=s original letter, dated 15 October 1910, see ibid., fol. 59265. The question of rates, explained the lawyer, was open for discussion and consideration, owing to the Dominion Railway Commissioners having decided to hear evidence and arguments on the current Bell telephone tariff in Ontario.

31. Journals of the Legislative Assembly of Saskatchewan, VII, 1912, p. 17; CAR, 1912, p. 549. The same rates were still being charged in 1919. (See ibid., XV, pp. 57-8.) On 7 August 1917, a breakdown of costs for the small Waseca exchangeB-which served a total of eleven village telephones and forty-one rural telephones--was prepared, with a particular view to depreciation. The exchange had cost $1,415, and its life was estimated at fifteen years. Depreciation was estimated at seven percent per annum of the total expense. The rates connected with this exchange were as follows: $24 per year for business telephones; $18 per year for residential telephones. Added to this was a $5 annual connecting fee. (See: SAB, M4 Martin I. 165. Telephones 1916-1921 (1), fol. 42063.)

32. Alfred H. Woodman to J.A. Calder, 5 May 1910, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9590.

33. J.A. Calder to Alfred H. Woodman, 7 May 1910, ibid., fol. 9591.

34. J.A Calder to Dr. Sahlmark, 26 February 1912, SAB, M2 Calder 58. Saltcoats Constituency 1909-1912 (2), fol. 8733.

35. Walter Scott to Lieutenant-Governor Amédée Forget, 7 September 1908, SAB, M1 Scott IV. 156. Telephones 1906-1916 (1), fol. 59225.

36. Ibid.; Lieutenant-Governor Amédée Forget to Walter Scott, 7 September 1909, ibid., Telephones, 1906-1916 (1), fols., 59222-24; Walter Scott to Thomas Miller, The Times, Moose Jaw, 3 August 1909, ibid., fol. 59211. AAll our own Departments are being charged for their telephone service and it would be inconsistent to grant free service to a Department of the Federal Government,@ wrote Scott to Miller.

37. In fact, the association resolved that the Department of Education should bear the cost of its telephones either in whole or in part. As the Minister of Education explained in 1917, the question is Ahow far the government should go in furnishing various officials with telephones free of cost?@ If it were a matter of the inspectors only, the decision would be easy. But there are Aother classes of officials who would claim that they should be dealt with on the same basis.@ (SAB, M4 Martin I. 165. Telephones, 1916-1921 (1), fols. 42013, 42019.)

38. See, for example, Calder=s memorandum to Sidney Porter, dated 26 July 1911, with respect to the rates charged for switching rural companies by the local exchange at Milestone. (SAB, Calder 46. Milestone Constituency 1905-1911 (2), fol. 6886.)

39. Armstrong and Nelles, pp. 282, 284. As the authors point out, Dominion officials did not begin to collect comparative data on telephone use until 1919 and on telephone rates until 1925. Hence the scarcity of information.

40. Ibid., p. 281.

41. Ibid., 1913, p. 22.
42. Ibid. Although a minor point, it was about this time that telephone numbers were increased from three digits to four in response to growing numbers of subscribers. Also, people began to spell the abbreviation Aphones@ without an apostrophe, which suggests a widespread acceptance of the device as reflected in the slang term.
43. Macintyre, p. 69.
44. Archer, p. 162.
45. Brennan, Regina, p. 83; MacEwan, p. 170; Wright, p. 160; Collins, A Voice From Afar, p. 197. For a detailed account of the cyclone, including contemporary pictures of the devastation, see Frank W. Anderson, Regina=s Terrible Tornado (Aldergrove, BC: 1968).
46. Morning Leader, Regina, 1 July 1912.
47. MacEwan, p. 170.
48. The names of the other operators were: Lephy Cook, Edna Kinnon, Alma Smith, Rachael Scott, Annie Day, Gertrude Russell, Myrtle Churchill and Miss. Quimper.
49. Morning Leader, Regina, 1 July 1912.
50. Daily Phenix, Saskatoon, 2 July 1912.
51. Anderson, p. 32; Collins, A Voice From Afar, p. 197. For the rescue efforts, see the Morning Leader, 1 July 1912.
52. Morning Leader, Regina, 2 July 1912; Daily Standard, Regina, 2 July 1912; Daily Phenix, Saskatoon, 2 July 1912.
53. Morning Leader, Regina, 2 July 1912. See also ALong Distance Opens Today,@ Daily Province, Regina, 2 July 1912; Daily Standard, Regina, 2 July 1912.
54. ALong Distance Opens Today,@ Daily Province, Regina, 2 July 1912; Morning Leader, Regina, 2 July 1912. In the interim, alternate means of communication were used. With the telephone plant in ruins, reported the Regina Daily Standard (5 July 1912), Athe cyclone resulted in a harvest for the telegraph companies at Regina.@ Business at the Post Office increased dramatically at the same time, while the city=s boy scouts were pressed into service as messengers, forming Aa civic telephone system@ that had been Ainstalled at short notice.@ (Morning Leader, 2 and 5 July 1912; Daily Standard, Regina, 5 July 1912.)
55. M.H. McLeod to J.A. Calder, 1 July 1912, SAB, Department of Railways 46, CNR General, 1908-1921 (2).
56. J.A. Calder to M.H. McLeod, 4 July 1912, ibid.
57. Morning Leader, 3 July 1912; Daily Province, 6 July 1912.
58. Dept. of Telephones, Annual Report, 1914, pp. 6, 12.
59. Turner, AReminiscences of J.A. Calder,@ p. 67. See also Collins, A Voice From Afar, p. 197.
60. Turner, AReminiscences of J.A. Calder,@ p. 67.
61. Dept. of Telephones, Annual Report, 1914, pp. 6, 11.
62. Anderson, p. 52. See also The Province, Regina, 13 November 1913, SAB, Provincial Government and Politics, X3 17/3, fol. 1; Brennan, Regina, p. 83.
63. Morning Leader, Regina, 3 July 1912.
64. Brennan, Regina, p. 83.
65. Archer, p. 162. See also Wright, p. 160, from whom Archer borrowed this observation without attributing his source.
66. Morning Leader, Regina, 4 July 1912.
67. J.H. Thompson, The Harvests of War (Toronto: 1978) p. 61.
68. Shepherd, p. 74. See also Archer, pp. 166, 170; Brennan, ASaskatchewan,@ p. 216.
69. Archer, p. 166.
70. Dept. of Telephones, Annual Report, 1915, p. 6.
71. Ibid. See also the Annual Reports for 1916 (pp. 6-7) and 1917 (p. 6).
72. Ibid., 1915, p. 7. The actual statistics as of April 1915 were: 3,622.77 pole-miles; 15,760 wire-miles; 99 exchanges; 311 toll offices; and 21,972 subscribers. The total number of long-distance messages completed over the system during the year was 925,396, as compared to 921,715 in 1913B-a small, but important increase. (Ibid., pp. 5, 13.)
73. Ibid., 1915, p. 6.

74. Archer, pp. 171-73; Brennan, ASaskatchewan,@ pp. 217-21.
75. William Martin to J.B. Musselman, Secretary, SGGA, 30 November 1916, SAB, M4 Martin I. 165. Telephones, 1916-1921 (1), fol. 41971.)
76. W.M. Martin, Speech to the Legislature, February 1917, SAB, M4 Martin II. Speeches and Articles, 1917 (1), fol. 42800; W.M. Martin, Speech in February 1919, ibid., Speeches and Articles, 1919 (3), fols. 42941-42.
77. W.M. Martin, Speech to the Legislature, February 1917, ibid., Speeches and Articles, 1917 (1), fol. 42798.
78. Ibid., fol. 42799.
79. Brennan, ASaskatchewan,@ p. 21.
80. From a height of 46,158 new settlers in 1912, immigration to Saskatchewan declined steadily during the war years, dropping to a mere 6,001 homesteaders in 1916. Numbers began to increase once more in 1917, reaching 14,287 in 1920. Never again, however, did the province enjoy the flood of immigration it had experienced in its formative years. (The Canada Year Book, 1920, p. 124.)
81. Dept. of Telephones, Annual Report, 1917, p. 6.
82. Ibid., 1916, pp. 6-7. See also, Leader, Regina, 17 January 1917.
83. Dept. of Telephones, Annual Report, 1916, p. 12; CAR, 1916, p. 691. In 1914, during the height of the recession, 896,024 long-distance calls were made. This represented an increase of only 9,542 messages over 1913.
84. Dept. of Telephones, Annual Report, 1916, p. 7. See also, Leader, Regina, 17 January 1917.
85. Dept. of Telephones, Annual Report, 1917, p. 7; 1918, p. 7; 1919, pp. 6-7; 1920, p. 7.
86. Journals of the Legislative Assembly of Saskatchewan, XII, 1916, p. 121.
87. I. D.C. McNab to William Martin, 12 May 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42326. This memorandum was a response to complaints by the residents of Canora, Preeceville and Sturgis that a long-awaited telephone line had not yet been constructed to their towns. (See ibid., fols. 42328-29.) In view of prevailing costs and shortages of labour and material, the plans to extend telephone construction into the district Ahad been dropped for the moment.@ (D.C. McNab to W.E. Knowles, 10 July 1920, ibid., fol. 42334.)
88. W.M. Martin to P.L. Straith, Central Butte, Sask., 21 October 1917, ibid., Telephones, 1916-1921 (1), fol. 42174. Straith had written to complain about the slow rate of telephone construction in his district. The building materials had been purchased, the poles erected and the wires strung through to Riverhurst, leaving only the adjacent towns to be connected. But this had been delayed. The premier could help matters, insisted Straith, by speeding up the process Aand incidentally cutting off criticism of the Department of Telephones.@ (P.L. Straith to W.M. Martin, 18 October 1917, ibid., fol. 42167.)
89. W.M. Martin to M. Campbell, Pelly, Sask., 22 June 1920, ibid., Telephones, 1916-1921 (2), fol. 42341. See also: M.W. Martin to T.D.M. Osborne, Saskatoon, 19 May 1920, ibid., fol. 42340; W.M. Martin to E.C. Young, Preeceville, Sask., 22 June 1920, ibid., fol. 42344.
90. W.M. Martin to J.A. Rodgers, Meyronne, Sask., 26 November 1919, ibid., fol. 42254.
91. See, for example: John Dixon, Maple Creek, to Arthur Blythman, 2 May 1919, SAB, M4 Martin I. 1. General Correspondence, 1919 C-F (17), fol. 2647; Arthur Blythman (?)to John Dixon, ibid., fol. 2648; John Rodgers to W.M. Martin, 24 November 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42251-53; George A. Bell to W.M. Martin, 28 December 1916, ibid., Telephones, 1916-1921 (1), fols. 41976-77; G.E. McCraney to George A. Bell, 14 December 1919, ibid., Telephones, 1916-1921 (2), fol. 42271; W.M. Martin to J.H. McCullough, 5 January 1920, ibid., fol. 42278.
92. Mrs. T.D. McNamee to W.M. Martin, 15 and 26 March 1920, SAB, M4 Martin I. 165. Telephones 1916-1921 (2), fols. 42302-03, 42292-94. Her husband was secretary of the local Grain Growers= Association, and used his position to have his wife=s appointment as telephone agent endorsed by the organization.
93. Mrs. T.D. McNamee to D.C. McNab, 15 March 1920, ibid., fol. 42301.
94. W.M. Martin to Mrs. T.D. McNamee, 22 March 1920, ibid., fol. 42301. See also D.C. McNab to W.M. Martin, 19 March 1920, ibid., fols. 42297-99.

95. D.C. McNab to W.E. Knowles, 29 April 1919, ibid., fol. 42232. As George Bell explained to the Legislature: AWith a view to reducing capital outlay during a period of general financial stringency it was considered advisable to cut down our contemplated programme of line construction for the year.@ (Journals of the Legislative Assembly of Saskatchewan, IX, 1913, p. 32.)
96. Dept. of Telephones, Annual Report, 1917, p. 8.
97. AReport of the Chairman of the Treasury Board, re: Finances of the Telephone Department,@ 29 September 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42243-47.
98. Dept. of Telephones, Annual Report, 1919, pp. 6-7. See also Journals of the Legislative Assembly of Saskatchewan, XV, 1919, pp. 58.
99. Journals of the Legislative Assembly of Saskatchewan, XV, 1919, pp. 57-8.
100. Dept. of Telephones, Annual Report, 1914, p. 23; 1915, pp. 9-10.
101. Ibid., 1915, p. 11.
102. SAB, P-M15. Telephone Commission 4.1.
103. W.E. Knowles to W.M. Martin, 14 March 1921, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42361.
104. Journals of the Saskatchewan Legislature, XI, 1915, p. 32; XII, 1916, pp. 120-21.
105. Dept. of Telephones, Annual Report, 1924, pp. 65-6.
106. Ibid. The three new districts were centred on Moose Jaw (Dist. 1), Saskatoon (Dist. 2) and Regina (Dist. 3). The two sub-districts, discontinued in 1917, were centred on Prince Albert (Dist. 4) and Swift Current (Dist. 5).
107. Ibid., 1919, p. 6.
108. Ibid., 1914, p. 6.
109. Ibid.
110. D.C. McNab expected that as the government plant replaced its central energy and manual equipment with automatic technology, private companies connected to provincial exchanges would do the same so as to ensure compatibility with the public system. Thus in time, automatic telephone service would extend to all points in Saskatchewan. (Ibid., 1924, p. 67.)
111. Journals of the Legislative Assembly of Saskatchewan, XVI, 1919, pp. 44-5. Over 200 rural subscribers were part of the test. Proving successful, the experiment was extended over time, while several more exchanges of this kind were installed in the province to link up with rural systems serving from thirty to 250 subscribers to determine its costs, operating conditions and general feasibility on a larger scale. (Ibid., XVII. 1920, p. 30.)
112. Dept. of Telephones, Annual Report, 1914, p. 12; 1915, p. 7.
113. Ibid., 1917, p. 11. The amount of traffic over the government at certain seasons of the year, admitted D.C. McNab, Asomewhat overtaxed our preparedness to take care of it.@ This was particularly problematic Awhere the absence of cross-country lines made necessary exceptionally long hauls to reach a commons witching point on transportation lines of parallel trend.@ For example, a message from Unity to Macklin—Aa comparatively short distance@—traveled east to Saskatoon and then west to Macklin. The same was true of messages passing through from Wilkie, Kelfield, and Kerrobert to Kindersley. A line from Battleford across country, noted McNab, would resolve this problem. Begun in autumn 1917, it was finished by summer 1918. But, warned the Deputy Minister, further cross-country lines were becoming imperative to cut out similarly circuitous hauls.
114. Ibid., 1924, p. 62.
115. Ibid., 1916, p. 10.
116. Ibid., 1914, p. 11. Specifically, dials were installed on the long-distance circuits from: North Battleford to Saskatoon, Rosetown to Saskatoon, and Francis to Regina in 1917-18; Kerrobert to Saskatoon, Lumsden to Regina, and Rouleau to Moose Jaw in 1918-19; Qu=Appelle to Regina, Regina to Moose Jaw, Rouleau to Regina, Moose Jaw to Regina, and Regina to Francis in 1919-20.
117. Ibid., 1917, p. 11. Among the new acquisitions were: the Yorkton Northwestern Electric Company (1913), the Lumsden Radial Telephone Company (1916), the local system owned by the village of Montmartre (1916), and four of the five plants that were organized under the terms of the original

Municipal Telephone Act (1921-29). Of these, only Carnduff remained. The purchases also included a number of farmers= systems, such as the Fairlight Rural Telephone Company, bought in 1913.

118. Ibid., 1920, p. 7; 1921, p. 7.
119. Ibid., 1921, pp. 7-8; CAR, 1921, p. 784.
120. SAB, M4 Martin II. Speeches and Articles, 1920 (4), fol. 43135.
121. The issue of providing separate telephone entries for the three citeis was raised for the first time in the Legislature in December 1919, when a member of the Opposition asked, Awill the government endeavour to meet the needs of subscribers in the Cities of Regina, Moose Jaw and Saskatoon by printing a monthly addenda?@ The Minister of Telephones answered that this was not practical on account of cost. Besides, Aall information furnished in the Addenda is available by calling `Information=,@ he said. (Journals of the Legislative Assembly of Saskatchewan, XV, p. 107.)
122. Dept. of Telephones, Annual Report, 1921, p. 7.
123. Ibid., 1914, p. 37. Of these applications, 170 were approved and incorporation granted, twenty-eight were withdrawn or canceled, and the balance were either under consideration or in the process of incorporation. Meanwhile, eighty-six of the incorporated companies were authorized to issue debentures, representing a total amount of $452,900.
124. Ibid., p. 37.
125. Ibid., pp. 7, 37; CAR, 1914, p. 624.
126. Dept. of Telephones, Annual Report, 1914, pp. 7, 12, 38. As an Appendix to this year=s Annual Report, a copy of the new AGeneral Regulations,@ AInstructions@ and various forms governing the organization of rural telephone companies under the new Act was published. (See pp. 50-66.)
127. Ibid., 1915, p. 43.
128. Ibid.
129. Ibid., p. 38.
130. W.P. Sifton to J.A. Calder, 3 July 1914, SAB, M2 Calder 61. Telephones, 1908-1917, fol. 9629.
131. J.A. Calder to W.P. Sifton, 11 July 1914, ibid., fol. 9631.
132. D.C. McNab to W.E. Knowles, 29 April 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42232. See also CAR, 1916, p. 692.
133. Dept. of Telephones, Annual Report, 1917, p. 8.
134. Ibid., p. 7.
135. Ibid., pp. 7-8.
136. Ibid., p. 34.
137. Ibid., 1918, pp. 7-8, 33; 1919, p. 7.
138. Ibid., 1920, p. 7.
139. Ibid., 1918, p. 33; Journals of the Legislative Assembly of Saskatchewan, XV, 1919, p. 57.
140. Spafford, p. 40.
141. The percentage of telephones serving rural communities in Europe was 1%; in the US it was 19%; in Canada, it was 29%; and in Saskatchewan, it was 65%. (Dept. of Telephones, Annual Report, 1924, p. 7. See also CAR, 1921, p. 784; Collins, A Voice From Afar, p. 208.)
142. Dept. of Telephones, Annual Report, 1921, p. 8.
143. Ibid., 1924, p. 7; CAR, 1923, p. 377; The Canada Year Book, 1925, p. 661. This represented a substantial increase over the Saskatchewan ration in 1919 or one telephone per every ten residents.
144. Dept. of Telephones, Annual Report, 1924, p. 10. In terms of the national average, Canada ranked second only to the United States in telephone development. (CAR, 1923, p. 377.)
145. S.P. Porter to A.H. Stenan, 18 June 1916, SAB, Department of Railways. All Telephones on Pelly Line, 1916.
146. William Martin to D.C. McNab, 13 April 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42336; D.C. McNab to William Martin, 19 May 1920, ibid., fol. 42337. Meanwhile, a new company was formed and incorporated as the Fairbanks Rural Telephone Company. On learning, however, that the government long-distance line was not to be extended to Leader in 1917, and that no town system was to be built therefore, the company did not proceed with construction.
147. D.M. Frederiksen to William Martin, 25 November 1916, ibid., Telephones, 1916-1921 (1), fols. 41964-65.
148. D.C. McNab to D.M. Frederiksen, 27 December 1916, ibid., fol. 41969.

149. Tobias Ratzloff to T.A. Naismith, 25 November 1918, SAB, Department of Railways 57. Railway Crossings, 1908-1918; T.A. Naismith to Tobias Ratzloff, 5 December 1918, ibid.

150. D.C. McNab to W. Warren, 26 August 1916, SAB, Department of Railways. All Telephones on Pelly Line, 1916; R.J. Fuller, Chief Inspector, to D.C. McNab, 23 and 25 March 1916, ibid.

151. Leader, Regina, 14 February 1917, SAB, Provincial Government and Politics X3. 13/4, fol. 5.

152. Dept. of Telephones, Annual Report, 1914, p. 38; 1924, p. 66.

153. Daily Star, Saskatoon, 4 December 1918.

154. Leader, Regina, 14 February 1917, SAB, Provincial Government and Politics X3. 13/4, fol. 5.

155. Dept. of Telephones, Annual Report, 1924, p. 66.

156. Ibid., 1920, p. 8. See also Daily Star, Saskatoon, 4 November 1918. The series of classes for 1918 began on 21 November and concluded for the year on 27 March.

157. Dept. of Telephones, Annual Report, 1921, p. 8. It also appears that the location of the school shifted at this time from the basement of the Legislature to a building on the corner of 11th and Albert Streets, which was in closer proximity to the Regina exchange.

158. Ibid., 1917, p. 8.

159. See ibid., 1920, pp. 7-8.

160. D.C. McNab to William Martin, 8 January 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42280-81.

161. D.C. McNab to W.H. Black, village secretary, Hubbard, 1 August 1917, SAB, M4 Martin I. 165. Telephones, 1916-1921 (1), fol. 42078.

162. D.C. McNab to William Martin, 10 May 1917, ibid., fol. 42025.

163. Walter Scott to R.L. Gibson, 13 August 1909, SAB, M1 Scott IV. 156. Telephones, 1906-1916 (1), fol. 59216; D.C. McNab to William Martin, 23 December 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42267.

164. Dept. of Telephones, Annual Report, 1920, p. 8. Exceptional service included operator assistance on Sundays, which also was paid for on a commission basis. As usual, the local company provided everything but the equipment, which was furnished and maintained by the Department of Telephones. (See D.C. McNab to William Martin, 8 January 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42280.)

165. For example, when H.M. Earle, the telephone agent at Druid, resigned in 1919, the secretary of the Druid Rural Telephone Co. wrote to ask for the appointment on behalf of his firm. This, however, necessitated moving the central office to new premises owned by the company. (See AMemo for Mr. Martin,@ 1 October 1919, SAB, M4 Martin I. 1. General Correspondence, 1919 C-F (17), fol. 2668.) For another example, see: John A. Rodgers, Meyronne, to William Martin, 16 December 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42262; William Martin to John A. Rodgers, 18 December 1919, ibid., fols. 42265-66.

166. D.C. McNab to W.H. Black, 1 August 1917, SAB, M4 Martin I. 165. Telephones, 1916-1921 (1), fol. 42078.

167. Dept. of Telephones, Annual Report, 1920, p. 8.

168. Dr. Hugh Eaglesham to William Martin, 14 August 1919, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42234-35. For the premier=s reply, see William Martin to Dr. Hugh Eaglesham, 18 August 1919, ibid., fol. 42236. AWe have been having a good deal of trouble in different parts of the province for the past few months with respect to the telephone system,@ admitted Martin, Aand we are, of course, anxious to have it in such shape that it will properly serve the public. We have had complaints from some of the cities, and even in Regina from time to time there has been difficulty recently.@

169. D.C. McNab to William Martin, 19 August 1919, ibid., fol. 42238; William Martin to Dr. Hugh Eaglesham, 20 August 1919, ibid., fol. 42239.

170. T.W. Bennett to William Martin, 30 July 1921, ibid., fol. 42374.

171. Frank B. Moffat to William Martin, 9 August 1918, ibid., fol. 42208.

172. H.K. Farley to William Martin, 10 April 1917, ibid., Telephones, 1916-1921 (1), fols. 42038-40. See also, W. Brattle, Superintendent of Telephones, to D.C. McNab, 9 March 1917, ibid., fol. 42043; William Martin to H.K. Farley, 30 June 1917, ibid., fols. 42045-47.

173. R.L. Gibson, Alameda, to Walter Scott, 12 August 1909, SAB, M1 Scott IV. 156. Telephones, 1906-1916, fol. 59213; Walter Scott to R.L. Gibson, 13 August 1909, ibid., fol. 3921. Gibson had applied for both the telephone agency and long-distance connection to his post office. The appointment was made instead of J.P. Gordon, secretary of the Alameda Telephone Company,

whom Gibson alleged had transferred the job to H. Hirons, a local businessman and Conservative. ATo be turned down in this way after 25 years of Liberal supporting in Saskatchewan and see the opponents of our Government step in and get what I asked for after my application has been in so long without a word of explanation does not seem just.@ But as the department explained, in centres where there was an active telephone company with an office forming the terminals of rural lines, the agency was awarded to that company as a matter of policy. Consequently, Gibson=s suspicion Athat the engineering of political opponents has been responsible in some way@ for his rejection was mistaken.

174. See, for example, A. Stanley Jones, North Battleford, to William Martin, 14 April 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42205; George Bell to A. Stanley Jones, 23 April 1918, ibid., fol. 42207. Jones quarreled with the rural telephone company operating near Vawn, Sask., over the extension of telephone service to his lakeside cottage. Although the department stepped in to resolve the it, Jones was told firmly that because the service he wanted was not technically a rural service, the local farmers= company was not liable for it. This was really a department matter. (William Martin to A. Stanley Jones, 13 and 15 April 1918, ibid., fols. 42202, 42203.)

175. S. Tomecko, Lipton, Sask., to James Gardner, MLA, Lemberg, Sask., 22 September 1916, ibid., Telephones, 1916-1921 (1), fol. 42189. Tomecko wrote to say that better service was needed at the town of Patrick, but in the absence of a local central office it was impossible to form a rural company in his district, while some neighbouring farmers also blocked the way because of the expense. As it turned out, the department decided not to establish a central at Patrick at this time Aon account of the cost of material and labour@ as a result of the war. (See William Martin to François Coupal, Patrick, 10 December 1917, ibid., fol. 42190.)

176. AResolutions adopted at the Convention of the Saskatchewan Association of Rural Municipalities at Moose Jaw, 6-8 March 1918,@ SAB, M4 Martin I. 97. Insurance: Hail, 1916-1922, fol. 28108.

177. Ibid. The convention was attended by 600 delegates representing 250 rural municipalities. At its convention in Regina the following year, the association resolved also Athat legislation be passed making the up-keep and switching charges a tax against the quarter [section] on which the phone is installed and that they be collected in the same manner as the debenture tax.@ The purpose was to establish greater equality between the rural and urban telephone system. (See AResolutions adopted at the Convention of the Saskatchewan Association of Rural Municipalities, held at Regina, 5-7 May 1919,@ SAB, M4 Martin I. 119. Municipal Affairs, 1916-1922, fols. 33620-21.)

178. R.H. Miller to William Martin, 27 September 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42353-54. For similar complaints, see William Martin to Emil Seibel, Victoria Plains, Sask., 14 November 1916, ibid., Telephones, 1916-1921 (1), fol. 41963; G.B. Creech, Lloydminster, to the Minister of Telephones, 27 March 1917, ibid., fol. 42130.

179. William Martin to R.H. Miller, 5 October 1920, ibid., Telephones, 1916-1921 (2), fol. 42356.

180. T.A. Naismith to William Martin, 1 October 1920, ibid., fol. 42357.

181. William Martin to R.H. Miller, 5 October 1920, ibid., fol. 42356.

182. F. Hearsey to William Martin, 10 February 1922, SAB, M4 Martin I. 119. Municipal Affairs, 1916-1922, fol. 33735. See also William Martin to F. Hearsey, 13 February 1922, ibid., fol. 33737.

183. For the extensive correspondence on this matter, see: G.B. Creech to the Minister of Telephones, 27 March 1917, SAB, M4 Martin I. 165. Telephones, 1916-1921 (1), fol. 42130; James Metcalfe, Northminster, to the Minister of Telephones, 27 March 1917, ibid., fol. 42129; James Metcalfe to the Minister of Telephones, 28 March 1917, ibid., fol. N.p.; Harold J. Dean, Lloydminster, to D.C. McNab, 2 April 1917, ibid., fol. 42128; T.A. Naismith to James Almond, Lloydminster, 5 April 1917, ibid., fol. 42127; G.B. Creech et al. to the Minister of Telephones, 5 May 1917, ibid., fols. 42115-16; William Martin to G.B. Creech, 13 September 1917, ibid., fols. 42133-34; James Metcalfe to William Martin, 21 September 1917, ibid., fol. 42139; G.B. Creech to William Martin, 22 September 1917, ibid., fols. 42142-44; William Martin to James Metcalfe, 24 September 1917, ibid., fol. 42141; William Martin to James Almond, 24 September, 24 September 1917, ibid., fol. 42137; William Martin to G.B. Creech, 4 October 1917, ibid., fol. 42145; G.B. Creech to William

Martin, 27 October 1917, ibid., fol. 42146; James Almond to William Martin, 9 October 1917, ibid., fols. 42151-52; William Martin to James Almond, 29 November 1917, ibid., fol. 42153.

184.G.B. Creech to William Martin, 14 February 1918, ibid., Telephones, 1916-1921 (2), fol. 42193.

185.For these petitions, dated respectively 27 March 1917, 25 August 1917 and 29 October 1917, see: ibid., Telephones, 1916-1921 (1), fols. 42123, 42089-93, 42149.

186.James Almond to William Martin, 14 September 1917, ibid., fol. 42136.

187.T.A. Naismith to G.B. Creech, 4 September 1917, ibid., fol. 42096; William Martin to G.B. Creech, 4 October 1917, ibid., fol. 42145.

188.James Almond to William Martin, 14 September 1917, ibid., fol. 42135.

189.T.A. Naismith to J. Thorn, secretary, Greenwood Rural Telephone Co., 25 May and 13 July 1917, ibid., fols. 42106, 42111. See also T.A. Naismith to G.B. Creech, 12 July 1917, ibid., fol. 42107.

190.William Martin to G.B. Creech, 17 January 1918, ibid. Telephones, 1916-1921 (2), fol. 42199.

191.T.A. Naismith to G.B. Creech, 18 August 1917, ibid., Telephones, 1916-1921 (1), fol. 42100. A copy of the decision was mailed also to J. Thorn, secretary of the Greenwood Rural Telephone Co.

192.William Martin to James Almond, 24 September 1917, ibid., fol. 42197.

193.William Martin to G.B. Creech, 3 November 1917, ibid., fol. 42150.

194.William Martin to G.B. Creech, 13 September 1917, ibid., fols. 42133-34.

195.William Martin to James Almond, 24 September 1917, ibid., fol. 42137.

196.The Post, Regina, 18 January 1917; The Evening Province, Regina, 20 January 1916; Morning Leader, Regina, 19 January 1917. Willoughby had succeeded Sir Frederick Haultain as leader of the Conservative party in 1912.

197.Morning Leader, Regina, 5 January 1917.

198.Ibid., 14 June 1917. See also ibid., 9 November 1916.

199.Spafford, p. 41.

200.Morning Leader, Regina, 1 March 1917.

201.Ibid., 5 January 1917.

202.Ibid.

203.Ibid., 22 January 1917.

204.Ibid., 30 March 1917.

205.Ibid., 5 June 1917. The last part of the statement was a clear reference to the Saskatchewan Government Telephone School, established earlier that year.

206.Ibid., 30 March 1917. Item (b) of the policy was yet another clear reference to the Saskatchewan Government Telephone School.

207.The Post, Regina, 28 March 1917.

208.Saskatchewan Grain Growers= Guild, 20 June 1917, SAB, Provincial Government and Politics X3 19/2, fol. 163. It also helped that numerous cabinet members themselves were farmers or homesteaders.

209.Saskatoon Daily Star, Saskatoon, 25 July 1919. The association, styled the Saskatchewan Rural Telephone Companies= Association, held conventions in 1919, 1920 and 1921, after which time it apparently disbanded.

210.Ibid.

211.Spafford, p. 42.

212.As a result, stated the Minister of Municipal Affairs, tax collections fell off so dramatically during these years that many municipalities had difficulty making their required payments to the rural telephone companies, who used the revenue to fund their debenture debts. (See CAR, 1922, p. 784.)

213.Brennan, Regina, p. 101; Archer, p. 184.

214.Archer, p. 187.

215.See Local Government Board, Annual Report, 1920, pp. 81-2. The chairman of the Board appeared before the convention of the Saskatchewan Rural Telephone Companies= Association in 1920 to urge delegates to make a thorough canvass of local investors before appealing to the open market for funds. (Morning Leader, Regina, 8 July 1920.)

216.A.E. Pequegnat, assistant secretary, the Mutual Life Assurance Co. of Canada, to William Martin, 19 March 1921, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42363. Pequegnat included a list of ten rural companies with the interest rate on their loans, the due date for full payment, and the amount of debt still outstanding (fol. 42364).

217.William Martin to A.E. Pequegnat, 19 March 1921, ibid., fol. 42365.

218.William Martin to D.C. McNab, 7 January 1921, ibid., fol. 42360.

219.Dept. of Telephones, Annual Report, 1924, p. 61.

220.Spafford, p. 41.

221.At 30 April 1924, there were 64,116 rural telephones (Old and New Act companies combined). The number of occupied farms in Saskatchewan in 1924 may be presumed to lie between 119,451 (1921 census) and 117,781 (1926 census).

222.Sessional Papers: Third Session of the Fifth Legislative Assembly of the Province of Saskatchewan, Session 1923 (Regina: 1923) pp. 122, 123. Patterson=s speech was reported at length in the Regina Morning Leader for 21 March 1923. (See SAB, Saskatchewan Government and Politics, X3 11/3/3, fol. 151.)

223.Sessional Papers: Third Session..., p. 124.

224.Ibid., p. 126.

225.Ibid., p. 127. The statement about every rural company having men Afully capable of successfully managing its affairs@ was an allusion to the Saskatchewan Government Telephone School.

Endnotes to Chapter 8

1. Daily Post, Regina, 22 May 1925, SAB, Provincial Government and Politics, X3 19/2, fol. 318.
2. Daily Star, Saskatoon, 22 May 1925, ibid., fol. 423.
3. Dept. of Telephones, Annual Report, 1924, pp. 61-2. The breakdown of subscribers in 1924 is as follows: 31,726 to the government system; 7,236 to rural systems incorporated under the old Act of 1908; 56,880 to rural systems incorporated under the new Act of 1913; and 2,144 to the various independent municipal, town/village and rural systems spotted across the province. (Ibid., p. 55.)
4. Ibid., p. 7.
5. Ibid., p. 62.
6. Ibid., p. 10
7. Ibid.
8. Ibid., p. 67.
9. Ibid., pp. 61, 67. See also two speeches by William Martin in 1919 and 1920 respectively, SAB, M4 Martin II. Speeches and Articles, 1920 (4), fols. 42994-5, 43127-35. As of 1920, the provincial telephone system accounted for $8,178,839, or approximately a quarter of the public debt. The continued investment in the plant, though it increased the debt, was not serious, claimed Martin. For the system paid for itself. Also, sufficient money was put aside each year Aby way of a sinking fund to provide for the debt as it matures in years to come (fol. 43134).@ As for the whole provincial debt, a large portion of it was self-sustaining. AThat is,@ explained the premier, Ait is not a charge on revenue. This is so of the moneys invested in the telephone system (fol. 42995).@ See also CAR, 1919, p. 778.
10. Dept. of Telephones, Annual Report, 1924, pp. 59-60.
11. Ibid., pp. 11-12. Of these statistics, the 274 remaining mutual companies incorporated under the old Act of 1908 served 7,236 subscribers over 6,681 pole-miles of line. There total investment was approximately $11,281,599, as opposed to a total investment of $15,718,401 by companies incorporated after 1913 under the new legislation.
12. Ibid., pp. 30, 65.
13. Ibid., p. 56.
14. Ibid.
15. Ibid., p. 65.
16. Ibid., p. 62.
17. Ibid., p. 66.
18. Ibid.
19. Ibid., p. 65.
20. Ibid., p. 67.
21. Carl D. Thompson, secretary, the Public Ownership League of America, to William Martin, 19 September 1921, SAB, M4 Martin I. 1. General Correspondence, 1921 S-Y (33), fol. 5666. William Martin declined the invitation, saying that he had too much work to do in Saskatchewan to attend. (See William Martin to Carl D. Thompson, 23 September 1921, ibid., fol. 5668.)
22. Turner, AReminiscences of J.A. Calder,@ p. 68.
23. Toronto Daily News, 28 August 1916, SAB, Provincial Government and Politics, X3 11/5, fol. 27; Smith, Prairie Liberalism, p. 51.
24. Morning Leader, 1 February 1917, SAB, Provincial Government and Politics, X3 11/3/0, fol. 31.
25. Bradshaw charged specifically Athat the Government had expended over $60,000 on road contracts and not a single day=s work had been done for this huge sum.@ The money had been embezzled, instead, by provincial employeesB-using forged cheques and padded payrollsB-in collusion with Liberal members of the Legislature. Yet, remarked J.A. Calder, he Agave no particulars regarding the contracts, he mentioned no names and he gave no indication of the location of the roads referred to.@ (Turner, AReminiscences of J.A. Calder,@ p. 68.) These were supposedly situated in the drought-ridden districts of southwestern Saskatchewan, where road work had been planned for 1914.
26. CAR, 1916, pp. 696, 700; Toronto Daily News, 28 August 1916, SAB, Provincial Government and Politics, X3 11/5, fol. 27; Archer, p. 178; Brennan, ASaskatchewan,@ pp. 295-96. The public

scandal created by these charges no doubt contributed to the swift passage of Prohibition laws later in 1916, just as Athe unpleasant surprise to the people of their province@ that there were Amore illicit stills in Saskatchewan, with a population of less than 760,000, than there are in the rest of Canada, with a population of over 8,000,000,@ doubtless contributed to the swift repeal of those laws in 1924! By then, noted the Canadian Annual Review, the illegal distilling trade in the province had become Aan adjunct to the farming industry.@ (CAR, 1923, p. 713; see also the Morning Leader, Regina, 6 April 1923.) Following the repeal of Prohibition, bear, wine and liquor sales in the province were made a government monopoly, handled through government-owned stores, according to the system that still exists today.

27. Journals of the Legislative Assembly of Saskatchewan, XII, pp. 157-58; CAR, 1916, p. 700; Morning Leader, Regina, 4 March 1916.
28. Journals of the Legislative Assembly of Saskatchewan, XII, p. 158; CAR, 1916, p. 700; Morning Leader, Regina, 4 March 1916.
29. Barnhart, APeace, Progress and Prosperity@: A biography of Saskatchewan=s First premier, T. Walter Scott (Regina: 2000) p. 137.
30. Morning Leader, Regina, 9 November 1916, SAB, Provincial Government and Politics X3 19/1, fol. 117.
31. Turner, AReminiscences of J.A. Calder,@ p. 68.
32. Barnhart, p. 137.
33. Morning Leader, Regina, 11-12 February 1916.
34. Ibid., Regina, 12 February 1916. A[I]t was quite right and eminently proper for J.E. Bradshaw to make general and sweeping charges against the Liberal members in the Legislature,@ scoffed the partisan Morning Leader in sarcastic summary of events, Aand he was quite within his rights in refusing all requests that he submit some little evidence in substantiation of his charges. He declined to do so although pressed by a score or more of members. He absolutely refused to submit one bit of proof of the truth of his charges. When formally called upon by the Speaker of the House to produce his proof he treated the Speaker with the most profound contempt and refused. Later, when by a vote of the House he was ordered to answer a series of questions addressed to him from the Chair, he expressed his supreme contempt for the House and its rules and defied its authority. He declared he had no confidence in it, and would refuse to recognize it.@ (Ibid., 1 February 1917, SAB, Provincial Government and Politics, X3 11/3/0, fol. 31.)
35. Evening Province, Regina, 24-25 February 1916; Brennan, ASaskatchewan,@ pp. 294, 301.
36. Morning Leader, Regina, 20 February 1916.
37. Toronto Daily News, 28 August 1916, SAB, Provincial Government and Politics, X3 11/5, fol. 27.
38. Archer, p. 178; Smith, Prairie Liberalism, p. 52. Four of these men were subsequently charged, while the remaining four were exonerated after investigation by the Sutherland and Magee special committees that the Legislature had authorized in February to look into these maters.
39. AI was convince,@ Calder later recalled, Athat grave frauds had been committed based on a series of wholesale forgeries.@ (Turner, AReminiscences of J.A. Calder,@ p. 69.) After reporting his findings to the Legislature, he admitted that the Bradshaw claims were well founded in the Highways Department, at least, and that a Royal Commission would follow. (Ibid.; Morning Leader, 7 March 1916; Journals of the Legislative Assembly of Saskatchewan, XII, pp. 164-65.) The same evening, Calder was informed that J.P. Brown, the Assistant Highways Commissioner, and G.H. Devlin, the Liberal MLA for Kinistino, had disappeared. Arrest warrants were duly issued. Eventually, both fugitives were apprehended in the United States, where they had fledB-Brown on a train in southern California and Devlin in a lumber camp in the state of Washington. See also Smith, Prairie Liberalism, p. 52.
40. Barnhart, p. 137. For the state of Scott=s health throughout his career, see ibid., passim.
41. Evening Province, Regina, 17 October 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 36. See also the Winnipeg Telegram, 18 October 1916, ibid., fol. 117.
42. Archer, pp. 178, 179.
43. CAR, 1916, p. 704. See also W.F.A. Turgeon to Lieutenant-Governor Richard S. Lake, 27 November 1916, SAB, RC3 H.W.C.-2; Turner, AReminiscences of J.A. Calder,@ p. 69.

44. Morning Leader, 9-10 March 1916.
45. Brennan, ASaskatchewan,@ p. 319; CAR, 1916, p. 705.
46. CAR, 1916, p. 706.
47. Morning Leader, Regina, 15 March 1916.
48. Deputy Provincial Treasurer to C.H. Ireland, Dept. of Railways and Bridges, 2 October 1916, SAB, RC3 H.W.C.-2.
49. J.F. Bryant to T. Harris, Manager, the Canada Metal Company, 12 January 1917, SAB, P-M15 Telephone Commission 4.15.
50. CAR, 1916, p. 710; C.H. Ireland, secretary to the Haultain Commision, to J.A. Calder, 11 September 1916, SAB, RC3 H.W.C.-1; Brennan, ASaskatchewan,@ p. 324.
51. W.F.A. Turgeon to Lieutenant-Governor Richard S. Lake, 27 November 1916, SAB, RC3 H.W.C.-2.
52. ADocuments Required to be Produced by the North Western Electric Company, Limited,@ 18 March 1916, ibid. See also C.H. Ireland, secretary to the Haultain Commission, to the Managing Director, the North Western Electric Company, 107 Kerr Block, Regina, 18 March 1916, ibid. This firm supplied the Department of Telephones with most of its equipment and materials, including: switchboards, copper wire, conduits, cross-arms, steel wire, hardware, tolls, insulators, toppins and general wire. (See Haultain Commission, 23 June 1916, ibid.)
53. ADocuments Require to be Produced by the Deering Electric Company, Limited,@ 18 March 1916, ibid. See also C.H. Ireland, secretary to the Haultain Commission, to the Managing Director, the Deering Electric Company, 18 March 1916, SAB, RC3 H.W.C.-1. This firm was the Department of Telephones= chief supplier of pole-line hardware, including such items as anchor rods, and standard and transposition pins. (See Haultain Commission, 8 February 1913, SAB, RC3 H.W.C.-2.)
54. ADocuments Required to be Produced by the Sun Electric Company, Limited,@ 18 March 1918, SAB, RC3 H.W.C.-2. See also C.H. Ireland, secretary to the Haultain Commission, to the Managing Director, the Sun Electric Company, 1844 Scarth St., Regina, 18 March 1916, ibid.
55. ADocuments to be supplied by the Minister of Telephones,@ 18 March 1916, ibid.; ADocuments Required from the Registrar of Joint Stock Companies,@ 18 March 1916, ibid.
56. ADocuments Required to be Produced by the Canada West Electric Company, Limited,@ 18 March 1916, SAB, RC3 H.W.C.-1. See also C.H. Ireland, secretary to the Haultain Commission, to the Managing Director, the Canada West Electric Company, Dewdney Ave., Regina, 18 March 1916, ibid. This firm advertised itself as AJobbers and importers of electrical material, Kellogg telephones and switchboards, rural telephone supplies.@
57. Memorandum from the Saskatchewan Supreme Court re: the Haultain Commission, 1916, SAB, RC3 H.W.C.-2. More specifically, the commission required: the original plans for the asylum, gaol and Aany telephone building or any construction work in connection with any telephone contract, either directly with the Government as contractors or as sub-contractors employed@; all original specifications Afor architectural contracts or sub-contracts for all work, material, furnishings and fixtures and supplied by them in connection with the above buildings, or in connection with any telephone building or...any telephone contract@; all detailed statements of estimates, price schedules for extras or deductions; all pay-sheets and authorizations for alterations to, deviations from, or extras given after the original contract; all correspondence between the contractor, the government, the government inspectors, the architect Aor any agent of the Government@; copies of every supplementary drawing Awith details furnished as work progressed@; statements of the origins of construction materials supplied, along with all receipts, vouchers, books, ledgers, cashbooks, etc.; and, lastly, the names of every architect, superintendent and government inspector involved in these public works, with the dates of their employment. The list of items covers three type-written pages. (See ADocuments Required to be Produced by the Canada West Electric Company, Limited,@ 18 March 1916, SAB, RC3 H.W.C.-1.)

58. ADocuments Required to be produced by the Minister of Telephones,@ 18 March 1916, for the Haultain Commission, SAB, RC3 H.W.C.-2. See also C.H. Ireland, secretary to the Haultain Commission, to George A. Bell, Minister of Telephones, 18 March 1916, SAB, RC3 H.W.C.-1.
59. See President George Bell, Canada West Electric Company, to C.H. Ireland, 23 March 1916, SAB, RC3 H.W.C.-1; Telephone Minister George A. Bell to Hector Y. McDonald, of McKenzie Brown & Co., Barristers, 22 September 1916, SAB, RC3 H.W.C.-2.
60. Haultain Commission, March 1916, SAB, P-M15 Telephone Commission 4.15.
61. ADocuments Required from the Registrar of Joint Stock Companies,@ 18 March 1916, for the Haultain Commission, SAB, RC3 H.W.C.-2.
62. C.H. Ireland to the Managing Director, the Canada West Electric Company, 18 March 1916, SAB, RC3 H.W.C.-1. See also C.H. Irland to the Managing Director , the Sun Electric Company, 18 March 1916, SAB, RC3 H.W.C.-2. The Latin term Asubpoena duces tecum,@ as used in law, means literally Aunder penalty, you shall bring with you.@ It is an order to appear before a court or commission that bears a legal penalty of a fine or gaol sentence if disobeyed.
63. J. Sutton to C.H. Ireland, 31 March 1916, SAB, RC3 BEC-1.
64. The Haultain Commission and the Brown-Elwood Commission, 1916, ibid.
65. ARemuneration for lawyers,@ Executive Council to Lieutenant-Governor Richard S. Lake, 15 October 1916, SAB, RC3 H.W.C.-2. Their respective assistants, D.A McNiven and F.W. Turnball, were paid $40 per day.
66. See, for example, F.J. Robinson to Sir Frederick Haultain, 8 April 1916, ibid.
67. AProposed Line of Questioning of F.J. Robinson,@ 1916, for the Haultain Commision, ibid.
68. J.A. Calder to F.C. Wade, barrister, Vancouver, B.C., 1 March 1916, SAB, M2 Calder 57. Royal Commissions: Wetmore Commission, 1916-1917, fol. 8482.
69. James F. Bryant to Hector Y. McDonald, 11 May 1916, SAB, M1 Scot IV. 145. Royal Commissions: Haultain, 1916, fol. 55491. Still not satisfied, in August Bryant sent another request to McDonald for all accounts relating to the purchase of supplies by the Telephone Department between 1911 and 1915 from a list of companies attached, as well as all inspectors= reports on these supplies; all contracts for pole purchases since 1910; all specifications for the new exchanges at Saskatoon, Prince Albert and Regina; and all plans for rural telephone construction recommended by the government up to 1916. (See J.F. Bryant to H.Y. McDonald, 16 August 1916, SAB, P-M15 Telephone Commission 4.15.)
70. See ibid.
71. D.C. McNab to Hector Y. McDonald, 23 June 1916, Haultain Commission, SAB, RC3 H.W.C.-2. See also D.C. McNab to H.Y. McDonald, 25 September 1916, ibid., with regard to information submitted to the commission in connection with the automatic exchange systems installed at Saskatoon and Prince Albert.
72. J.F. Bryant, solicitor representing the Conservative Opposition, to J.C. Kelsey, the Telephone Publishing Company, Chicago, 12 July 1916, SAB, P-M15 Telephone Commission 4.15. For Kelsey=s response, see ibid. Kelsey had been recommended to Bryant by an unidentified Regina source.
73. AExcessive Cost of the Telephone Exchange at Regina,@ ibid.
74. See, for example: J.F. Bryant to John Perry, Ontario, 9 November 1916, SAB, P-M15 Telephone Commission 4.15; John Perry to J.F. Bryant, 23 November 1916, ibid.; J.F. Bryant to Messrs. McMean and Miller, Telephone Engineers, Chicago, 1 December 1916, ibid.I J.F. Bryant to F. Harris, Manager, the Canada Metal Company, 2 December 1916, ibid.
75. C.H. Ireland to George A. Bell, 11 September 1916, SAB, RC3 H.W.C.-1. For similar memos dated the same day, which were sent to Walter Scott, J.A. Calder, W.F.A. Turgeon, A.P. McNab, W.R. Motherwell and C. Langley, see ibid.
76. Archer, p. 179; Smith, Prairie Liberalism, p. 53; Turner, AReminiscences of J.A. Calder,@ p. 70; AJailed for corruption after the report of the Wetmore Royal Commission,@ 1917, SAB, Provincial Government and Politics, X3 19/2, fol. 118.
77. Turner, AReminiscences of J.A. Calder,@ p. 71; CAR, 1916, p. 720; Arvher, p. 179; Evening Province, Regina, 19 October 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 36. See also Barnhart, p. 142.

78. Saskatoon Daily Star, 19 October 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 38.
79. Manitoba Free Press, Winnipeg, 18 October 1916, ibid., fol. 46. For various responses to Scott=s resignation, see Barnhart, pp. 143-44.
80. Turner, AReminiscences of J.A. Calder,@ pp. 69-70.
81. Archer, 181.
82. CAR, 1916, p. 720.
83. Evening Province, Regina, 19 October 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 36.
84. For examples of these views, see: ATroubles of Regina Liberals,@ in the Winnipeg Telegram, 2 May 1916, ibid., fol. 25; Evening Province, Regina, 7 January 1915 and 28 September 1916, ibid., fols. 5, 33; Daily News, Moose Jaw, 21 October 1916, ibid., fol. 61.
85. Winnipeg Telegram, 18 October 1916, ibid., fol. 117.
86. Turner, AReminiscences of J.A. Calder,@ p. 70; Archer, 179.
87. Medicine Hat Weekly News, 16 November 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 93.
88. Smith, Prairie Liberalism, p. 63.
89. Regina Post, 26 October 1916, SAB, Provincial Government and Politics, X3 11/2, fol. 97.
90. Bell remained in office, complained the newspaper on 21 October 1916, Anotwithstanding all the rotten work in the Telephone Department. True they have taken the Provincial Treasureship [sic] away from him, but that was because he so lost control of the finances that the public debt has been mounting up faster than he could count it.@ (Ibid., fol. 61.)
91. Evening Province, 20 October 1916, ibid., fol. 58. See also CAR, 1916, p. 720.
92. Conservative leader W.B. Willoughby agreed that the evidence submitted to the Commission thus far was Athe strongest case ever presented before a court in this province,@ but he also claimed that the Royal Commission was unable to proceed with the corruption charges, because the Liberals had failed to supply the information required of them. (Moose Jaw Times, 21 January 1917, SAB, Provincial Politics and Government, X3 13/4, fol. 174.)
93. CAR, 1917, p. 771.
94. The Observer, Esterhazy, 4 January 1917, ibid., fol. 2.
95. CAR, 1917, p. 770.
96. Morning Leader, Regina, 25 June 1917, SAB, Provincial Government and Politics, X3 19/2, fol. 190.
97. Morning Leader, Regina, 27 November 1916, SAB, Provincial Government and Politics, X3 11/3/0, fol. 28.
98. Turner, AReminiscences of J.A. Calder,@ p. 71; CAR, 1917, p. 774; Brennan, ASaskatchewan,@ p. 370; Archer, p. 181.
99. Brennan, ASaskatchewan,@ p. 375.
100. Journals of the Legislative Assembly of Saskatchewan, 2nd session, 1917, pp. 24, 76-7; Morning Leader, Regina, 7 February 1917.
101. Brennan, ASaskatchewan,@ p. 376.
102. CAR, 1918, p. 690.
103. Ibid., 1917, p. 762.
104. Turner, AReminiscences of J.A. Calder,@ p. 70.
105. CAR, 1918, p. 693.
106. Casson, pp. 156, 157, 158.
107. Ibid., pp. 153-54.
108. Ibid., p. 154.
109. Ibid., p. 155.
110. Quoted in Fagan, p. 484.
111. Quoted in Collins, A Voice From Afar, p. 147.
112. Casson, p. 159.
113. Armstrong and Nelles, p. 223.

114.Ibid., p. 225. The single young men who were hired to string wires and maintain the equipment also came and went with great regularity. They took telephone jobs because they were relatively easy to obtain, quickly mastered, and paid the bills. But most hoped to move on to better opportunities. (Ibid.)

115.Ibid., p. 223.

116.Casson, p. 158.

117.AThe Telephone Girl,@ Morning Leader, Regina, 25 February 1907.

118.AWhen Fortunes Hang on the Hello Girl=s Nerve,@ ibid., 26 February 1908. The article was accompanied by photographs of the world=s busiest telephone exchange on Wall street in New York City.

119.Casson, p. 158.

120.AWhen Fortunes Hang on the Hello Girl=s Nerve,@ Morning Leader, Regina, 26 February 1908.

121.Moosomin Century One: Town and Country (Moosomin: 1981) pp. 87-8.

122.Jones, O Little Town, p. 164.

123.AThe Problem of Secret Telephony,@ TCE, XIII, no. 2 (February 1906): p. 46.

124.Jones, O Little Town, p. 164.

125.A.L. Brown to J. A. Calder, 13 September 1910, SAB, M2 Calder 61, Telephones 1908-1917, fol. 9594. Emphasis his.

126.J. Sutherland to S.P. Porter, 2 December 1910, ibid., fol. 9598.

127.O=Brien to J.A. Calder, 16 September 1910, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9597.

128.Hugh Dobson to William Martin, 23 April 1920, SAB, M4 Martin I. 165. Telephones 1916-1921 (2), fol. 42313.

129.Statement of Jessie Pollock, 27 March 1920, ibid., fol. 42314.

130.William Martin to Hugh Dobson, 3 May 1920, ibid., fol. 42315.

131.Armstrong and Nelles, p. 230.

132.CAR, 1918, p. 330.

133.Ibid., pp. 330, 333.

134.Ibid., p. 330. The total membership of all Canadian trade unions affiliated with comparable bodies in the United States at this time was 201,432.

135.Morning Leader, Regina, 24 October 1918.

136.At the height of the street fighting in the Russian capital of St. Petersburg during the outbreak of the November Revolution, the telephone operators played a significant role. Because of its strategic importance for communications, the Telephone Exchange was a primary target of the Bolshevik forces. Consequently, they resolved to secure it by force from its imperial defenders. Throughout the fighting, noted American journalist John Reed, Athe telephones were all working; when you called Control, shooting could be plainly heard over the wire.@ Finally, the building was breached and the attackers poured in. ATired, bloody, triumphant, the sailors and workers swarmed into the switchboard room, and finding so many pretty girls, fell back in an embarrassed way and fumbled with awkward feet. Not a girl was injured, not one insulted. Frightened, they huddled in the corners, and then, finding themselves safe, gave vent to their spite....`Brutes! Pigs!= shrilled the girls, indignantly putting on their coats and hats. Romantic had been their experience passing up cartridges and dressing the wounds of their dashing defenders,...many of them members of the noble families, fighting to restore their beloved Tsar!@ The commissar of the Military Revolutionary Committee promptly assured the operators that they had been oppressed, and that under the new Communist regime they would earn more pay and work fewer hours. But when he addressed them as members of the working class, he went too far. AMembers of the working-class indeed! Did he mean to infer that there was anything in common between theseB-these animals-Band us?@ asked the girls. ARemain? Not if they offered a thousand rubles!....Haughty and spiteful the girls left the place@ they had helped to defend for Tsar and country! (John Reed, Ten Days That Shook the World (New York: 1919; reprinted, 1960) pp. 256, 258-59.)

137.CAR, p. 342.

138. Ibid., pp. 341-42.
139. Kerr and Hanson, p. 130.
140. AMr. Dunning Makes Statement on Strike,@ Daily Star, Saskatoon, 24 October 1918; Morning Leader, Regina, 24 October 1918. For the specifics of the government=s policy with regard to civil servants and other public employees during these years, see the AWartime Labour Relations Regulations,@ SAB, M4 Martin I. 170. Miscellaneous, fols. 42724-42742.
141. Morning Leader, Regina, 24 October 1918.
142. Ibid.
143. Ibid.; Daily Star, Saskatoon, 3 October 1918.
144. Morning Leader, Regina, 15 October 1918.
145. Ibid., 15 and 29 October 1918.
146. Ibid., 5 and 24 October 1918; ATelephone Employees Answer Mr. Dunning,@ Daily Star, Saskatoon, 31 October 1918.
147. Morning Leader, Regina, 15 October 1918.
148. ATelephone Employees Answer Mr. Dunning,@ Daily Star, Saskatoon, 31 October 1918.
149. Morning Leader, Regina, 24 October 1918.
150. ATelephone Employees Answer Mr. Dunning,@ Daily Star, Saskatoon, 31 October 1918.
151. Morning Leader, Regina, 24 October 1918.
152. Ibid., 22 October 1918; APhone Workers Want Arbitration on Wage Question,@ Daily Star, Saskatoon, 22 October 1918. See also ADunning Silent Regarding >Phone Wages Dispute,@ 23 October 1918, and ATelephone Employees Answer Mr. Dunning,@ 31 October 1918, ibid.
153. L.J. Walsh to William Martin, 24 October 1918, SAB, M4 Martin I. 165. Telephones 1916-1921 (2), fol. 42213; A Davies to William Martin, 25 October 1918, ibid., fol. 42215. See also the Morning Leader, Regina, 23 October 1918;
154. Strike Affects One Percent of Telephones,@ Daily Star, Saskatoon, 25 October 1918.
155. A Davies to William Martin, 25 October 1918, SAB, M4 Martin I. 165. Telephones 1916-1921 (2), fol. 42215.
156. William Martin to L.J. Walsh, 24 October 1918, ibid., fol. 42214; William Martin to A. Davies, 25 October 1918, ibid., fol. 42216. Martin=s reply to Walsh was published verbatim in the Regina Morning Leader on 24 and 25 October 1918, as well as in the Saskatoon Daily Star on 25 October 1918, in an article entitled, AStrike Affects One Percent of Telephones.@
157. William Martin to L.J. Walsh, 24 October 1918, SAB, M4 Martin I. 165. Telephones 1916-1921 (2), fol. 42214; Morning Leader, Regina, 25 October 1918.
158. Morning Leader, Regina, 24 October 1918.
159. Ibid., 22 and 24 October 1918; Daily Post, Regina, 23 November 1918; CAR, 1918, p. 693. Emphasis mine. See also Brennan, ASaskatchewan,@ p. 399.
160. Morning Leader, Regina, 24 October 1918; CAR, 1918, p. 693.
161. Brennan, ASaskatchewan,@ p. 399.
162. In fact, so strongly did the union oppose this false portrayal of Inglis that on 24 October, following Dunning=s allegations, Local 572 passed a resolution attesting to his nationality and character. See Morning Leader, Regina, 25 October 1918.
163. AMemorandum of Regulations and Wages to Govern Employees of the Department of Telephones of the Province of Saskatchewan,@ SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42350-51. See also a document in William Martin=s handwriting, entitled ASketch of comparison between current wages and those demanded,@ ibid., fol. 42349. Curiously, the operators were included in neither document. See also, AStrike Affects One Percent of Telephones,@ Daily Star, Saskatoon, 25 October 1918.
164. Morning Leader, Regina, 24 October 1918; Daily Star, Saskatoon, 31 October 1918.
165. Morning Leader, Regina, 24 October 1918.
166. Ibid.

167.AStrike Affects One Percent of Telephones,@ Daily Star, Saskatoon, 25 October 1918; ATelephone System Is Almost Undisturbed,@ Morning Leader, Regina, 25 October 1918.

168.A>Phone Service Cares for Sick Calls Now,@ Daily Star, Saskatoon, 25 October 1918.

169.AStrike Affects One Percent of Telephones,@ ibid., 25 October 1918; ATelephone System is Almost Undisturbed,@ Morning Leader, Regina, 25 October 1918; AGovernment Will Not Change Telephone Wage Schedule,@ ibid., 24 October 1918.

170.ATelephone System is Almost Undisturbed,@ Morning Leader, Regina, 25 October 1918.

171.AStrike Affects One Percent of Telephones,@ Daily Star, Saskatoon, 25 October 1918.

172.ANo Sign of End to Strike of the Phone Employees,@ ibid., 26 October 1918.

173.Morning Leader, Regina, 25 October 1918.

174.Ibid., 29 October 1918.

175.Ibid., 25 October 1918.

176.Ibid.

177.A. Davis to T.M. Malloy, Provincial Labour Bureau, 27 October 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42218. See also ANo Change in Telephone Strike Situation Today,@ Daily Star, Saskatoon, 4 November 1918.

178.AAsk City to Stop Power for >Phones,@ Daily Star, Saskatoon, 28 October 1918.

179.Andrew Leslie, City Clerk, Saskatoon, to William Martin, 29 October 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42223. The resolution was passed by Saskatoon=s city council on 28 October.

180.Morning Leader, Regina, 25 October 1918.

181.William Martin to Andrew Leslie, City Clerk, Saskatoon, 2 November 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42224; William Martin to John Noble, International Representative, IBEW, 19 July 1920, ibid., fol. 42347.

182.AStrike Affects One Percent of Telephones,@ Daily Star, Saskatoon, 25 October 1918.

183.William Martin to A. Davis, secretary, Trades and Labour Council, Prince Albert, 29 October 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42219.

184.Ibid.

185.William Martin to John Noble, International Representative, IBEW, 19 July 1920, ibid., fols. 42347-48.

186.AAsk City to Stop Power for >Phones,@ Daily Star, Saskatoon, 28 October 1918.

187.AStrike Committee Makes Statement,@ ibid., 28 October 1918; ATelephone Employees Answer Mr. Dunning,@ ibid., 31 October 1918. See also AAppeal by the Strike Committee of the IBEW,@ 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42220.

188.Morning Leader, Regina, 7 November 1918.

189.Ibid., 29 October 1918. See also: AThe >Phone Strike,@ ibid., 30 October 1918; A>Phone Service Cares for Sick Calls Now,@ Daily Star, Saskatoon, 25 October 1918; AAppeal by the Strike Committee of the IBEW,@ 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42220.

190.AAsk City to Stop Power for >Phones,@ Daily Star, Saskatoon, 28 October 1918; AStrike Committee Makes Statement,@ ibid., 29 October 1918.

191.A>Phone Service Cares for Sick Calls Now,@ ibid., 25 October 1918.

192.AAppeal by the Strike Committee of the IBEW,@ 1918, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42220.

193.Ibid. Emphasis theirs.

194.Morning Leader, Regina, 7 November 1918; AGovernment Will Not Meet Strikers= Demands,@ Daily Star, Saskatoon, 30 October 1918.

195.ANo Change in Situation of >Phone Strike,@ Daily Star, Saskatoon, 31 October 1918; A>Phone Service Cares for Sick Calls Now,@ ibid., 25 October 1918; AAsk City to Stop Power for >Phones,@ ibid., 28 October 1918; Morning Leader, Regina, 7 November 1918.

196.AThe Phone Strike,@ Morning Leader, Regina, 30 October 1918; ANo Change in Situation of >Phone Strike,@ Daily Star, Saskatoon, 31 October 1918; AAsk City to Stop Power for >Phones,@ ibid., 28 October 1918.

197.Morning Leader, Regina, 4 November 1918.

198.Ibid., 28 October 1918; ANo Change in the Telephone Strike Situation Today,@ Daily Star, Saskatoon, 4 November 1918.

199.Their names were: H. Hogan of Saskatoon, and J. Ritchie, T. Daniel and A.A. Pickett, all of Regina.

200.AAsk City to Stop Power for >Phones,@ Daily Star, Saskatoon, 28 October 1918; Morning Leader, Regina, 29 October and 2 November 1918.

201.Morning Leader, Regina, 4 and 7 November 1918.

202.Ibid.; A>Phone Operators Refuse Government Offer,@ Daily Star, Saskatoon, 4 November 1918.

203.Morning Leader, Regina, 4 and 7 November 1918; A>Phone Operators Refuse Government Offer,@ Daily Star, Saskatoon, 4 November 1918; AStatement of Strike Com=tee,@ ibid., 6 November 1918.

204.ATelephone Strike at End as from Today,@ Morning Leader, Regina, 9 November 1918.

205.Ibid.

206.APossibility of Another Strike in >Phone System,@ Daily Star, Saskatoon, 28 November 1918.

207.This is indicated by a letter from John Noble, International Representative, IBEW, to William Martin, dated 15 July 1920, SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fol. 42345. As usual, stated Noble, Athe employees of the Telephone Department concerned with the Schedule would be favourable to submitting their case to an independent board and abiding by their award, if you will be good enough to consent to such a course.@ Also as usual, Premier Martin rejected the request.

Endnotes to Chapter 9

1. Armstrong and Nelles, p. 288.
2. According to the *Annual Report* for 1925 (p. 10), there were 6,364.37 pole-miles of long-distance line. By 1930, reported the *Canadian Annual Review* (p. 432), this figure had increased to 6,749.53 pole-miles. There were also at that time 313 exchanges will toll service and a further 175 offices that gave toll service only. As for capital expenditures on APlant and Equipment@ in 1925, these amounted to $10,707,434.29. By 1930, expenditure on these AFixed Assets@ (as they were now called) had increased to $14,054,433.17.
3. *CAR*, 1920, p. 755.
4. SAB, M4 Martin I. 165. Telephones, 1916-1921 (2), fols. 42286-91.
5. Kerr and Hanson, p. 265.
6. *CAR*, 1924/25, p. 487. In 1918 Sherman was listed (along with E. Jacquest) as head of the department=s maintenance office. In 1919 he had been promoted to the position of Traffic Superintendent, with responsibility for the Atraffic and commercial interests of the service.@ According to a list of duties recorded in 1923, this responsibility included issuing rate books to all offices; issuing routing instructions; adjusting all traffic disputes and service reports between districts with connecting companies; handling all poor service reports; systematic inspecting of the plant, exchange offices and circuits; general supervising of both toll and local lines to ensure efficiency; training of operating staff, and standardizing methods and equipment; and making development studies on lines and traffic for future expansion. (SAB P-M15 Telephone Commission 4.3.) Sherman=s education also was significant, for both New York State and the city of Chicago had been leaders in telephone research and development since the late nineteenth century.
7. A. Perring Taylor to J.F. Bryant, Minister of Telephones, 14 July 1929, SAB, P-M15 Telephone Commission 4.4.
8. The actual long-distance statistics by two-year increments during this period are as follows: 1925: 2,663,375 calls—a decline from the previous year—of which 98,243 were made with Manitoba (52,495 of these originating in Saskatchewan) and 25,768 with Alberta (14,956 of which originated in Saskatchewan); 1927: 3,177,715 calls—an increase of 95,029 over 1926—of which 53,424 were made to Manitoba from Saskatchewan, and a further 17,278 made to Alberta also from Saskatchewan; 1929: 3,679,119—an increase of 204,172 over 1928—of which 65,906 were made to Manitoba from Saskatchewan, and a further 28,658 to Alberta also from Saskatchewan. An additional 4,449 calls were completed from Saskatchewan to other North American points. (See Dept. of Telephones, *Annual Report*, 1925, p. 11; 1927, p. 12; 1929, p. 11.)
9. *Ibid.*, 1927, pp. 5, 6. This enlarged the provincial system to a total of 37,034 wire-miles of line. The addition of 35.5 pole-miles of new construction at the same time increased that mileage to 6,403.37. The following year, in 1928, a further 1,533 miles of wire were strung on established routes for the same purpose. (*CAR*, 1928-29, p. 230.)
10. Dept. of Telephones, *Annual Report*, 1927, p. 8. In 1929, three PBX installations were made at Moose Jaw, one at Prince Albert, seven at Saskatoon, and six more in Regina. (See *ibid.*, 1929, p. 7.)
11. B.C. Burden, ed., *Handbook for Telephone Managers and Engineers*, 2 vols. (Chicago, Ill.: 1946) II, p. 135.
12. *Journals of the Legislative Assembly of Saskatchewan*, 1929-30, XXVII, p. 532. Automatic exchanges had been installed at: Saskatoon (1907), Regina (1914), Prince Albert (1915), Swift Current (1918), Moose Jaw (1919), Qu=Appelle (1919), North Battleford (1921), Indian Head (1923) and Melfort (1923).
13. Dept. of Telephones, *Annual Report*, 1927, pp. 5, 7; 1929, pp. 5, 7.
14. *Sessional Papers*, Saskatchewan, 1928-29, p. 254.
15. Armstrong and Nelles, p. 289.
16. *Ibid.*, pp. 289, 291.
17. Dept. of Telephones, *Annual Report*, 1925, p. 5; 1929, pp. 26, 55-6. In 1929 there were 267 rural companies incorporated under the initial rural telephone legislation, and 918 companies incorporated under the legislation of 1913. Only Carnduff remained of the original five town

systems organized under the defunct Municipal Telephones Act, with seventy-seven subscribers. Of the other twenty-four companies not incorporated under either Act of 1908 or 1913, three independents served sixty-seven subscribers, and twenty-one village systems served 674 subscribers. There were, in addition, 1,992 telephones installed by rural companies in villages and hamlets where the provincial plant supplied only long-distance, but not local service. Added together, these figures made for a grand total of 1,210 rural companies serving 72,964 subscribers.

18. Denny, p. 50.
19. Shepherd, p. 97. See also Kerr and Hanson, p. 233.
20. At Ogema, SK, for example, seven rural telephone systems converged. A report to the Local Government Board of 1927 intimated that all seven companies had Aa local working arrangement whereby a central telephone board was created.@ It consisted of a representative from each firm and handled business interests common to all, while maters pertaining to the management of a particular line were left to its individual board of directors. The suggestion was made that the Rural Telephones Act be amended to provide for this kind of administrative centralization. (Journals of the Legislative Assembly of Saskatchewan, 1927, XXIV, p. 7.)
21. Rural companies varied greatly in size, from four pole-miles of line and five subscribers (e.g., the West Weyburn Rural Telephone Company, one of the smallest) to 445 pole-miles of line and 471 subscribers (e.g., the North Forres Rural Telephone Company, one of the largest). At the beginning of 1930, there were 1,176 rural companies with 62,881 pole-miles of line and 71,616 subscribers (Dept. of Telephones, Annual Report, 1930, p. 28.) This gave an average of 53.5 pole-miles of circuit and sixty-one subscribers for each company. (See also Britnell, p. 109.)
22. Journals of the Legislative Assembly of Saskatchewan, 1925, XXII, p. 13; 1926, XVIII, p. 9; 1927, XXIV, p. 11; 1928, XXV, p. 18. In most cases, the additional money borrowed consisted of small amounts ranging from $500 to no more than $2,000, very modest sums. The Saskatchewan Association of Rural Municipalities cautioned, however, that direct extensions be limited to twenty-four pole-miles, as Ait was easily possible for a telephone company to extend over an area altogether too great for its economic operation.@ (Ibid., 1927, XXIV, p. 7.)
23. In the five years ending 30 April 1930, about 4,200 pole-miles of rural line were erected and 7,000 new subscribers added. Although thirty-three new companies were organized over the same period, the actual number of rural firms declined from 1,184 in 1925 to 1,176 in 1930. (Britnell, pp. 106-7.) This change was due to a growing recognition among farmers Aof the advantages of local consolidations,@ resulting in Aconsiderable action.@ AThese amalgamations have been carried out in order to obtain more efficient management, improved, and in some cases wider scope of service, and economy of operation.@ (Dept. of Telephones, Annual Report, 1930, p. 28.) In 1925, for example, five companies incorporated under the old Act amalgamated with companies organized under the later one. At the same time, four new rural firms were formed, three more incorporated and one more awaited incorporation. In 1927, ten farmers= systems were absorbed by larger firms, while five new ones were licensed. In 1929, eleven rural companies amalgamated and twelve new firms were organized. Thus by 1930, a pattern of amalgamation was well established.
24. Dept. of Telephones, Annual Report, 1927, p. 5; 1929, p. 26. See also Spafford, p. 47.
25. Dept. of Telephones, Annual Report, 1927, p. 5; 1929, pp. 5, 26; 1930, p. 28.
26. Spafford, p. 48.
27. Ibid., p. 47.
28. Statutes of the Province of Saskatchewan, 1928, pp. 230-32; Dept. of Telephones, Annual Report, 1929, p. 5; Britnell, p. 108.
29. Spafford, pp. 47-8.
30. Dept. of Telephones, Annual Report, 1929, p. 5.
31. The Canada Year Book, 1932, pp. 92, 101, 102.
32. The number of telephones in relation to the number of people had improved steadily since the early part of the decade. In 1922, the ratio was 10.53 per 100 population, while in 1923, these figures had risen to 11.03. In Saskatchewan at the same date, the ratio was 12.02 telephones per 100 citizens. (CAR, 1924-25, p. 126.) The ratio continued to improve in Canada over the remainder of the 1920s. It increased to 11.62 x 100 (1925); 12.22 x 100 (1926); and 13.2 x 100

(1927). Only the United States, with 15.8 telephones per 100 population, surpassed Canada. The only other countries to approach the Canadian record were New Zealand, Denmark, Sweden and Norway. Their ratios ranged from 10 to 6.4 telephones per 100 residents. (CAR, 1925-26, p. 232; 1926-27, p. 240; 1928-29, p. 228; 1929-30, p. 346.)

33. Ibid., 1923, p. 377; 1927-28, p. 509.
34. Ibid., 1927-28, pp. 693, 695; CAR, 1924-25, p. 126; CAR, 1929-30, pp. 346-47. According to official statistics, of Saskatchewan=s 112.237 telephones, 19,049 were business, 21,935 were urban-residential, and 70,888 were rural-residential.
35. The Canada Year Book, 1925, pp. 660-61; CAR, 1924-25, p. 126; CAR, 1929-30, p. 347; Collins, A Voice From Afar, p. 208. By 1931, the total number of companies in Saskatchewan had dipped slightly to 1,209.
36. CAR, 1926-27, p. 437.
37. Archer, pp. 191, 194.
38. CAR, 1921, p. 810. See also Archer, p. 192.
39. Initially, Martin held the portfolio from 1 March to 28 May 1921, when he named John A. Maharg as the new minister. A former MP, this pro-Liberal independent accepted appointment to the Martin cabinet on the understanding that the provincial and federal Liberals would maintain their distance from each other, and that no political attacks would be made on the Progressive-Conservative Opposition. When he was disappointed on both counts, Maharg resigned, having served as Minister of Telephones for just over a month, until 14 June. At that point, Premier Martin again assumed the telephone portfolio until his own retirement from elected office less than a year later.
40. North Battleford News, 7 April 1921, SAB, Provincial Government Politics, X3 11/2, fol. 128.
41. Hawkes, II, pp. 1145-46; Archer, p. 182.
42. CAR, 1922, p. 791; 1923, p. 712.
43. Ibid., 1922, p. 790.
44. Hawkes, II, pp. 1167-68.
45. CAR, 1926-27, p. 242.
46. CAR, 1924-25, p. 127.
47. The Progressive, Saskatoon, 18 October 1923. This weekly newspaper was founded that year by the SGGA, when the Saskatoon and Regina daily press opposed the issue of wheat-pooling as a means of bettering profits and marketing of western grain. The paper later changed its name to The Western Producer. (Archer, p. 196.) SaskTel=s main exchange in Saskatoon occupies the building that belonged formerly to the periodical, where it was published.
48. Morning Leader, Regina, 11 May 1925.
49. CAR, 1924-25, p. 472; Archer, 206-7.
50. Archer, pp. 192, 207.
51. CAR, 1925-26, pp. 472-73; Archer, p. 207.
52. Morning Leader, Regina, 15 May 1929, SAB, Provincial Government and Politics, X3 19/2 file 10, fol. 73.
53. Star Phoenix, Saskatoon, 31 May 1929, ibid., file 13, fol. 80.
54. Daily Star, Regina, 10 May 1929, ibid., file 6, fols. 88-9.
55. Eagle, Rosetown, 30 May 1929, ibid., file 13, fol. 25.
56. H.W. Bassingthwaite, Wilkie, SK, to William Martin, 23 January 1922, SAB, Mr Martin I.158. Taxation, 1916–1922, fol. 41444.
57. Archer, pp. 194, 197; Smith, pp. 66–67.
58. Smith, p. 67.
59. Archer, p. 211; Smith, p. 192.
60. Archer, p. 211.
61. Smith, p. 194.
62. See, for example, Journals of the Legislative Assembly of Saskatchewan, 1921, XVII, p. 28; 1924, XXII, pp. 30-1; 1928, XXVI, pp. 68, 82, 84-5.
63. See ibid., 1921, XVII, p. 28; 1927, XXIV, pp. 42, 68, 96-7.
64. Sessional Papers, Saskatchewan, 1923, pp. 122, 123, 126. The rural system at Wilkie had twenty-three pole-miles of line and had cost $8,000 to built.

65. Shaunavon Standard, 30 May 1929, SAB, Provincial Government and Politics, X3 19/2, file 4, fol. 36.
66. Sessional Papers, Saskatchewan, 1923, pp. 122, 126.
67. Ibid., 1927, p. 154.
68. Ibid., 1928-1929, p. 253.
69. Sessional Papers, Saskatchewan, 1928-1929, p. 253-55.
70. Ibid., 1923, pp. 123, 124, 125.
71. Ibid., p. 126.
72. Ibid., p. 127.
73. Britnell, p. 112.
74. Sessional Papers, Saskatchewan, 1927, p. 154.
75. Journals of the Legislative Assembly of Saskatchewan, 1927, XXIV, p. 54.
76. Britnell, p. 113.
77. Journals of the Legislative Assembly of Saskatchewan, 1927, XXIV, p. 155.
78. Memorandum by Chief Accountant A.E. Chant, c. October 1922, SAB, P-M15 Telephone Commission 4.3.
79. Ibid.
80. Ibid.
81. W.H. Churchill to D.C. McNab, Deputy Minister of Telephones, 13 June 1923, ibid. This problem was due most likely to the conflicting nature of the duties assigned to the chief department officials. Although the Chief Accountant was to have charge of the accounting of the department Head Office and Aover the territory,@ district superintendents were to report to and receive instructions from the Chief Engineer in all matters pertaining to operation of plant, traffic, commercial and bookkeeping in their defined area. The Chief Engineer, on the other hand, was vested with the Ageneral control of and supervision over construction and operation of the plant,@ which also could be interpreted to mean supervision of district accounts. (SAB, P-M15 Telephone Commission 4.3.)
82. W.J. Campbell to D.C. McNab, 4 September 1924, ibid.
83. A.E. Chant, Chief Accountant, to W. Warren, Deputy Minister of Telephones, 15 April 1926, ibid.
84. A. Perring Taylor, Deputy Provincial Treasurer, to J.F. Bryant, Minister of Telephones, 14 September 1929, SAB, P-M15 Telephone Commission 4.4.
85. Sessional Papers, Saskatchewan, 1929-1930, p. 308.
86. See the Journals of the Legislative Assembly of Saskatchewan, 1928-1929, XXVI, p. 138; 1930, XXVII, p. 73; Dept. of Telephones, Annual Report, 1930, p. 5; Norman Ward and David Smith, Jimmy Gardner, Relentless Liberal (Toronto: 1990) p. 119; Journals of the Legislative Assembly of Saskatchewan, 1929-1930, XXVII, pp. 74, 145. Godfrey=s review was described by Bryant as an AAuditor=s Report...on the Department of Telephones, and Financial Statements as at 31 December 1929.@ Munnoch=s report was labeled a AReport...on investigation of the Administration of the Department of Telephones.@ They are listed in the Index of the Sessional Papers for 1930 as items No. 41 and 42, respectively.
87. Journals of the Legislative Assembly of Saskatchewan, 1929-1930, XXVII, pp. 72-4.
88. Sessional Papers, Saskatchewan, 1930, pp. 530-31.
89. Ibid., p. 308. For the subsequent on the two government audits in the Legislature, see also CAR, 1929-1930, pp. 480-81.
90. Ward and Smith, p. 120.
91. Sessional Papers, Saskatchewan, 1930, pp. 531, 539.
92. Ibid., pp. 538, 543. See also CAR, 1929-1930, p. 481.
93. Sessional Papers, Saskatchewan, 1930, p. 309.
94. Ibid., pp. 535, 539; CAR, 1929-1930, p. 481.
95. Sessional Papers, Saskatchewan, 1930, p. 532.
96. Ibid., p. 532. The Munnoch report similarly noted that Saskatchewan telephone rates were too low to support the costs of the system.
97. Journals of the Legislative Assembly of Saskatchewan, 1929, XXVI, p. 173.
98. Sessional Papers, Saskatchewan, 1930, p. 313. According to Godfrey=s estimates, in twenty-five years depreciation set at the rate of 4.83 percent would have amounted to $5,778,774.18. Of this sum, $1,970,281.01 had been used for renewals and replacements in the provincial plant. This left

a balance of $3,303,967.33 that the department had paid back to the Treasury, but that should have been available for further up-grades of the government-owned system, as in Manitoba and Alberta.

99. Britnell, p. 100; Spafford, pp. 93-4.

100. Spafford, pp. 93-4.

101. At the close of the department=s operations for the fiscal year ending on 30 April 1930, the deficit had been reduced already to A622,365.05. (Dept. of Telephones, Annual Report, 1930, p. 5.)

102. Sessional Papers, Saskatchewan, 1929-1930, XXVII, p. 313.

103. Ibid., p. 311.

104. Ibid., p. 14. See also Bryant=s summary. (Ibid., p. 313.) The Conservative telephone minister erroneously attributed this statement to Munnoch. In any case, Patterson took issue with the investigator=s statement, calling this section of the audit an Aexaggeration,@ while denying that there had been any loss to the department at all. (Ibid., p. 536.) In the budget debate of 1929, Conservative MLA M.A. MacPherson had criticized government policy on this matter, as well. He called for an end to capital advances from the Treasury, which served only to increase the department=s indebtedness to the province. (Journals of the Legislative Assembly of Saskatchewan, 1929, XXVI, p. 173.)

105. As Spafford observes (p. 95), the department=s Annual Reports in subsequent years indicate a number of additional payments of this kind, Abut these were funds removed from regular depreciation and placed at the disposal of the treasury, not for the retirement of advances.@ In his study, Government Enterprise in Western Canada=s Telecommunications, Michael Denning notes (p. 58) that among the lessons learned from the past, the failure to have proper capital accounting hastened the shift from department status to separate enterprise in publically owned telephone systems. Nor only had all the government companies under-estimated the costs of operating a telephone plant, but organizational problems also were not anticipated, adding to the difficulties.

106. Sessional Papers, Saskatchewan, 1930, XXVII, pp. 311, 312. Although Patterson was willing to admit that in the early days of the department Athere was fault in the accounting system@ and the records were Anot as good as they might have been,@ he contended nevertheless that Athe books are in excellent shape now and a study of the Godfrey report will bear that out.@ (Ibid., p. 537.)

107. Ibid., pp. 534-35. Technically and legally speaking, the Treasury Department was free to dictate accounting procedures to the telephone department. According to the AAct to amend the Statute Act@ (1917), the treasury board was empowered to make regulations concerning Athe keeping of the accounts of the department [of Telephones] in conformity with commercial practice.@ (Statutes of the Province of Saskatchewan, 1917, Chapt. 34, p. 322.)

108. But if a company did not issue debentures, clarified Patterson, the bond was not required. (Sessional Papers, Saskatchewan, 1930, XXVII, p. 326.)

109. Patterson denied this, though he added that mistakes were made. But as quickly as they were discovered, they were rectified. At all events, he argued,@if any [sections] are exempted that should be taxed, I am sure they are not sufficient to make it as serious as this special investigator would have us believe.@ (Ibid., pp. 556-57.) According to amendments to the Rural Telephone Act in 1917, however, rural company accounts were to be Akept in such form as may be prescribed by the minister.@ In addition,, after 31 December each year, every firm was required to Ahave an audit of its books and accounts for the year ending on that date by some duly qualified person@ who was to forward a certified copy to the Minister of Telephones. (AAn Act respecting Rural Telephone Systems,@ Statues of the Province of Saskatchewan, 1918-1919, Chapt. 46, pp. 292-93.)

110. While this statement Amay be strictly correct,@ admitted Patterson, the department had advised rural companies as to the required books to be kept, including even the type of ledgers to buy, and had also issued a standard form that the annual reports were to follow. (Sessional Papers, Saskatchewan, 1930, XXVII, p. 536.)

111. The line in question belonged to the North Forres Rural Company. As Patterson explained, owing to a series of crop failures, the company had fallen behind in its debenture payments and,

consequently, was unable to float more loans to pay for repairs. So the department agreed to help with the cost on condition that the company repay the loan in equal yearly instalments. (Ibid., pp. 554-55.)

112.Ibid., pp. 326-27. These complaints had been received in responses to letters that Bryant had written to Saskatchewan rural companies specifically Ato ascertain the amount expended on repair and upkeep during the past five years.@

113.Sessional Papers, Saskatchewan, No. 41, 1930, p. 60. See also the Ibid., pp. 322, 325-26; Spafford, pp. 48-9.

114.Sessional Papers, Saskatchewan, 1930, pp. 322-23.

115.Ibid.

116.Ibid., No. 42, Appendix, p. 10.

117.Ibid., p. 41.

118.Ibid., pp. 552-58.

119.Ibid., p. 558.

120.Former telephone minister George Bell, former deputy minister of Public Works F.J. Robinson, and former deputy ministers of Telephones, the late Sidney Porter and D.C. McNab, were all named specifically as part owners of sites purchased by the Telephone Department for the construction of new exchanges, or shareholders in the Canada West Electric Company, one of the department=s principal suppliers. The same allegations were made against J.E. Elliott, a Liberal M.P. for Saskatchewan. W.J. Patterson denied, however, that any of these men had business interests in the companies named or transactions over the purchase of new building sites. Furthermore, he criticized the Conservatives for having identified dead men as the alleged culprits, who could be accuse safely because they no long could speak in their own defence. (Ibid., pp. 544, 549; CAR, 1929-1930, p. 480.)

121.W.J. Patterson freely admitted that new equipment was purchased from select suppliers. But as he correctly explained, purchasing telephone equipment Ais an entirely different thing from buying cement or any standard article.@ Switchboards, for example, had to meet the specifications of equipment already in use, and had to have a certain standard of quality. Also, the only Canadian suppliers that sold such equipment dealt in manually operated boards only, meaning that the department had to turn to American firms to obtain the automatic devices required for the provincial system. Although this involved higher prices initially, it significantly reduced operating costs over the long run. Necessity and availability, not favouritism or collusion, were the principles that determined where and from whom telephone supplies were bought. (Sessional Papers, Saskatchewan, 1930, pp. 549-50; CAR, 1929-1930, p. 480.)

122.Among the alleged culprits was Harry Sherman, the inventor of the control switch for telephones on party lines. Along with a construction engineer named Leach, he borrowed the Deputy Minister=s brand-new McLaughlin-Buick for a shooting trip. The two men parked the car next to a straw pile. When the engine back-fired while starting up, it ignited the straw, destroying the pile and vehicle together. Not only was the car uninsured, but no effort was made to collect restitution from either man. On the contrary, Sherman was paid a $1,000 bonus for the year. The loss was simply written off and another McLaughlin-Buick purchased for the Deputy Minister=s use. (Sessional Papers, Saskatchewan, 1930, p. 314.)

123.Ibid., p. 326.

124.Ibid., pp. 309, 317.

125.Ibid., p. 546. See AThe Preservation of Public Documents Act,@ Statutes of the Province of Saskatchewan, 1920, Chapt. 17. The Act states specifically that: AAll public documents [including vouchers, cheques and accounting records having to do with the public affairs of Saskatchewan] shall be preserved by the department to whose business they belong until their transfer or destruction is ordered by the Lieutenant Governor in Council as hereinafter set forth. The Lieutenant Governor in Council may require any such document, or any class or series of such documents, shall be transferred to the archives of the province by the department having the documents in charge, or shall be destroyed at any time after the expiration of ten years from the dates at which they were respectively created.@

126.Ibid., p. 315.

127.Britnell, p. 114.

128.Ibid., p. 543.

129.Ibid., p. 534. See also Ward and Smith, p. 120.

130.Journals of the Legislative Assembly of Saskatchewan, 1929-1930, XXVII, pp. 174, 196-97; CAR, 1929-1930, p. 481. This amendment was due probably to the fact that Royal Commissions were expensive, and one had been appointed already to investigate the administration of justice and police activities in the 1920s under the Liberals. A young lawyer from Prince Albert, John G. Diefenbaker, was employed as the government=s counsel for the commission. (Archer, p. 214; Ward and Smith, p. 165.)

131.Ward and Smith, p. 121.

132.Sessional Papers, Saskatchewan, 1930, p. 326.

133.Ibid., p. 326; CAR, 1929-1930, p. 480.

134.Sessional Papers, Saskatchewan, 1930, p. 558.

135.Ibid., p. 530.

136.See AAn Act respecting the Department of Telephones,@ Statutes of the Province of Saskatchewan, 1930, Chapt. 27, pp. 270-76.

137.Sessional Papers, Saskatchewan, 1930, pp. 90, 116, 167-68. In the Appendix of his Masters thesis (pp. xii-xv), Britnell included copies of his unsuccessful correspondence with Deputy Minister of Telephones, Walter H. Warren.

138.Ibid., pp. 170-71.

139.Ibid., pp. 165-66.

140.Ibid., pp. 171-72.

141.Smith, p. 198.

142.Kerr and Hanson, p. 294; Brennan, Regina, p. 102; Brady, p. 51. According to Kerr and Hanson (p. 302), by 1931 the price of wheat had fallen to its lowest level in 300 years. This gives some sense of the magnitude of the economic catastrophe.

143.Brennan, Regina, p. 102. See also Brady, p. 51.

144.Shepherd, p. 115. See also Kerr and Hanson, pp. 233-34.

145.Archer, p. 226. See also Brennan, Regina, p. 102.

146.Shepherd, p. 105.

147.Brennan, Regina, p. 102. See also Brady, pp. 51-2.

148.Smith, p. 204; Archer, p. 226.

149.Shepherd, p. 112; Archer, p. 240; Brady, pp. 51-2.

150.The population of Saskatchewan in 1936 was 931,547. By 1951 it had dropped to 831,728. As John Archer notes (p. 270), there was a direct relationship after 1936 between increase in farm size and decrease in rural population as a result of this trend. See also Brady, p. 31.

151.Brennan, Regina, p. 104.

152.CAR, 1930-1931, p. 247.

153.Collins, A Voice From Afar, p. 218.

154.Denning, p. 50; Collins, A Voice From Afar, p. 218.

155.Armstrong and Nelles, p. 289.

156.Dept. of Telephones, Annual Report, 1930, p. 5.

157.Ibid., 1931, p. 5.

158.For the lamentable condition of the department=s accounts between 1929 and 1934, see Britnell, p. 121.

159.Once again, Britnell pointed to the confusion in the department=s accounts (ibid.0. In 1932, a Adeferred charge@ in respect of American exchange charges amounting to $84,275.75 was included inexplicably under AAssets.@ But on the same page of the same Annual Report, the net addition to the deficit account amounted to $35,944.24. In 1933, the Adeferred charge@ of American exchange under AAssets@ increased to $288,468.78 and a Anet loss to deficit@ of $51,569.39 emerged. AThis when added to the mysterious `net deficit= of $35,944.24 from the previous year increased the accumulated deficit to $496,432.84.@ The Deputy Ministers, complained Britnell, Ahas flatly refused to explain the apparent discrepancies.@

160.Spafford, p. 96.

161.Ibid., 1932, p. 5; 1933, pp. 5-6; 1934, p. 5; 1935, p. 5; 1936, p. 5.

162.Ibid. 1933, p. 6.

163.Britnell, p. 120.

164.Ibid., pp. 111-12.

165.Ibid., p. 5; 1934, p. 5.

166.AAn Act respecting the Superannuation of Employees of the Department of Telephones,@ Statutes of the Province of Saskatchewan, 1928, Chapt. 8, pp. 16-24. See also AAn Act to amend the Telephone Department Superannuation Act, 1928,@ ibid., 1928-1929, Chapt. 76, pp. 611-12. The amount of pension was to be calculated Aupon the average yearly salary of an employee during the last three years of service and was to be one-fiftieth part of such salary multiplied by the total number of years of continuous employment, but not more than thirty-five years should be reckoned, nor shall the yearly allowance exceed in any case $2,000 nor...be less than $360 and in no case shall the annual allowance exceed the final annual salary of the employee (p. 19).@

167.Already in 1931, an amendment was passed to the Superannuation Act for the repayment of all contributions made to date by the department, and which were to be refunded as part of its revenues. See AAn Act to amend the Telephone Department Superannuation Act,@ ibid., 1931, Chapt. 6, p. 15.

168.Britnell, p. 117.

169.Sessional Papers, Saskatchewan, 1930, p. 325.

170.This is supported by contemporary statistics. As Dufferin Spafford points out (pp. 50-1), in the single year from 31 December 1929 to 31 December 1930, the number of subscribers fell by 18,758—that is, from a pre-Depression high of 71,616 to 52,858.

171.Britnell, p. 117; Spafford, p. 53.

172.Britnell, p. 117; Spafford, p. 54.

173.Quoted in Spafford, p. 54.

174.Ibid., p. 51.

175.Ibid. According to Britnell, as of December 1932, of the rural telephone companies still carrying unpaid debentures-Bapproximately 784-Bnearly seventy-five percent were in default.

176.Dept. of Telephones, Annual Report, 1932, p. 5; Statutes of the Province of Saskatchewan, 1932, Chapt. 30.

177.Dept. of Telephones, Annual Report, 1939, p. 5. Noted the report at this date: ASix hundred and eight-two of the 1,151 incorporated rural telephone companies are now taking advantage of the special levy provisions of the Rural Telephone Act for the renewal and reconstruction of their lines.@

178.Ibid., 1934, p. 5; Statutes of the Province of Saskatchewan, 1934, Chapt. 22.

179.Rural telephone rates varied widely from company to company at this time. As George Britnell noted, a collection of Saskatchewan press reports of the annual meetings of twenty farmers= firms during the first three months of 1934 showed fees ranged from thirty cents per month to fifteen dollars per year. These figures suggested an average annual rate for rural telephones of approximately ten dollars, and an average pre-Depression rate at between fifteen and twenty dollars per year. (Britnell, pp. 109-10.) Low as these fees appear to be, they were still too expensive for farmers on the brink of destitution.

180.Dept. of Telephones, Annual Report, 1937-1938, p. 23.

181.Local Government Board, Annual Report, 1934, p. 3.

182.Spafford, pp. 52-3.

183.Local Government Board, Annual Report, 1934, n.p.

184.Spafford, p. 58.

185.Ibid., pp. 55-6. See also the Report of the Commission of Inquiry into Provincial and Municipal Taxation (Regina: 1936).

186.Spafford, p. 56.

187.Report of the Commission of Inquiry..., p. 90.

188.Ibid.

189.Shepherd, p. 112. The department=s Annual Report for the year told a different story. Despite poor crops, it stated, there was a loss of only 382 rural subscribers. Otherwise, as of 1 December

1937 there were 43,981 rural stations in service across the province. (Dept. of Telephones, Annual Report, 1938, p. 5.)

190. Dept. of Telephones, Annual Report, 1935, p. 5.
191. Spafford, p. 54.
192. AAn Act respecting the Municipal Telephone Systems,@ Revised Statutes of Saskatchewan, 1930, Chapt. 112, p. 1980.
193. Spafford, pp. 58-9.
194. Dept. of Telephones, Annual Report, 1938, p. 5.
195. Ibid., 1937, p. 5; Hluchaniak, p. 121. The Yorkton exchange was converted over to fully automatic service on 14 October 1936.
196. Dept. of Telephones, Annual Report, 1940, p. 5.
197. Denny, p. v.
198. Dept. of Telephones, Annual Report, 1940, p. 5.

Endnotes to Chapter 10

1. Evening Times, Moose Jaw, 29 November 1922, SAB, Provincial Politics and Government, X3 10/01, fol. 11.
2. Eager, p. 6.
3. Archer, p. 230.
4. Ibid.
5. Ibid., p. 231. As a result of the vote, the Farm-Labour Group led by George H. Williams became the tiny Opposition.
6. Ibid., p. 251.
7. Ibid., p. 250.
8. Eager, pp. 10-11.
9. Dept. of Telephones, Annual Report, 1941, p. 5.
10. The number of main and auxiliary RCAF bases established in Saskatchewan for training purposes eventually rose to twenty-three. They were located at: Dafoe, Moose Jaw, Mossbank, North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton, Assiniboia, Caron, Davidson, Estevan, Weyburn, Lethburn, Boharm, Outram, Halbrite, Hamlin, Brada, Aldwyn, Vanscoy and Sturdee. Each was provided with telephone facilities by the department.
11. Dept. of Telephones, Annual Report, 1941, p. 5.
12. TCE, VI, no. 6 (October 1898): p. 173.
13. James Calder to George A. Bell, Minister of Telephones, 19 September 1913, SAB, M2 Calder 61. Telephones 1908-1917, fol. 9628.
14. Armstrong and Nelles, p. 230. See also Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. This had been the case in 1916, when the first telephone call was completed from Montreal to Vancouver with much fanfare. Because there were no direct links between the Maritimes and Quebec, or between Ontario and Manitoba, or even between Alberta and British Columbia, the message had to be directed over American telephone lines. By the mid-1920s the missing links were in place, but they varied so much quality, equipment and operation procedures that American circuits still had to be used in many instances.
15. Margaret Prang, AThe Origins of Public Broadcasting in Canada,@ The Canadian Historical Review, XLVI, no. 1 (March 1965): p. 6.
16. Armstrong and Nelles, p. 230.
17. CAR, 1930-1931, p. 433.
18. Eventually, the national facilities for radio transmission were placed on microwave. Today, however, they are transmitted on digital equipment.
19. Knubley, pp. 43–44. Radio broadcasting fell with the province of the Department of Marine and Fisheries as a direct result of the *Titanic* disaster of 1912, and the need for wireless communications with ships at sea.
20. Prang, p. 6.
21. Martha Fletcher, "Judicial Review and the Division of Powers in Canada," in *Canadian Federalism: Myth or Reality*, ed. J. Peter Meekison (Toronto: 1968), pp. 145–47; Peter H. Russell, ed., *Leading Constitutional Decisions* (Ottawa: 1982), p. 107; Jonathan Rose, "Federalism, Broadcasting, and the Search for Community," in *Challenges to Canadian Federalism*, eds., Martin Westmacott and Hugh Mellon (Scarborough, ON: 1998), p. 131.
22. Prang, pp. 3-4.
23. AReport of the Royal Commission on Radio Broadcasting,@ Ottawa, 1929, in C.P. Stacey, ed., Historical Documents of Canada (Toronto: 1972) vol. V, pp. 347-49. See also Prang, pp. 6-7. The commission was named after its chairman, Sir John Aird, who was also president of the Canadian Bank of Commerce.
24. Ibid., pp. 348-49. See also Knubley, pp. 45-6.
25. Hugh G.J. Aitken, ADefensive Expansionism: The State and Economic Growth in Canada,@ in Hugh G.J. Aitken, ed., The State and Economic Growth (New York: 1959).
26. Quoted Prang, p. 3.
27. See AThe Canadian Radio Broadcasting Act,@ 1932, in Historical Documents, vol. V, pp. 352-55.
28. Prang, p. 22.

29. Fletcher, pp. 146–47; Russell, p. 107; Rose, p. 131; Michael S. Whittington and Richard J. Van Loon, *Canadian Government and Politics: Institutions and Processes* (Toronto: 1996), p. 210.
30. Fletcher, pp. 146–47. See also Whittington and Van Loon, p. 210; Rose, p. 131; Russell, p. 107.
31. Rose, pp. 131–32.
32. Knubley, pp. 47-8.
33. AThe Canadian Radio Broadcasting Act,@ 1932, in Historical Documents, vol. V, p. 354. See also CAR, 1930-31, p. 433; Prang, pp. 29-30.
34. Prang, p. 7.
35. Minutes of the Executive Council, Telephone Association of Canada, 29 August 1930, SAB, M10. 52. Bryant Papers, Department of Telephones and Telegraphs.
36. Minutes of the Executive Council, Telephone Association of Canada, 1 September and 30 October 1930, ibid.
37. For the proceedings of the meeting and the resolutions adopted, see the AMinutes of the Special Conference: Executive, Commercial and Traffic Committees, Telephone Association of Canada,@ Regina, 1-2 December 1930, ibid. The document is thirty-one pages long. See also CAR, 1930-1931, p. 433; Leader-Post, Regina, 2 December 1930.
38. Minutes of the Special Conference; Executive, Commercial and Traffic Committees; Telephone Association of Canada, Regina, 1-2 December 1930, ibid.
39. James Hamilton, secretary, Telephone Association of Canada, to James F. Bryant, 2 February 1931, ibid.; James F. Bryant to Alexander M. Mitchell, secretary, Telephone Association of Canada, 7 February 1931, ibid.
40. That committee, duly appointed at the conference, met immediately with representatives of A.T.&T.=s Long Lines Department. They agreed to undertake a joint study with regard to the interchange of toll traffic between Canada and the United States, and the best routes to use. (See James Hamilton and Paul J. McFarlane, Vice-President, Bell Telephone Company of Canada, to James Bryant, 11 December 1930, ibid.) These routings were to be established on a basis that would give the Trans-Canada and A.T.&T. systems an equitable portion of the business transacted, commensurate with the facilities that were available from each. For the purpose of the joint study, therefore, the facilities of both systems were to be treated as a single unit. The selection of appropriate routes was to be established, meanwhile, according to three criteria: 1) the minimum number of switches; 2) the satisfactory quality of transmission; and 3) the shortest pole-line haul. Traffic in both directions was to take the same route, while alternative routes-Bwhen available-Bwere to be selected when business in both directions amounted to ten or more messages per month. Not until the re-settling of the international business had been studied further, however, could the matter of a Clearing House be resolved. (See the ATrans-Canada Toll System: Routing of International Business,@ ibid.)
41. James Hamilton, Secretary, Telephone Association of Canada, to James Bryant, 2 February 1931, ibid.
42. Trans-Canada Telephone System Contract, March 1931, ibid. The document is six pages long and includes the resolutions adopted in December 1930.
43. James F. Bryant to P.A. McFarlane, 27 November 1931, ibid. He appears to have been the last member of the partnership to put his signature to the document. The other companies had done so already.
44. Dept. of Telephones, Annual Report, 1931, p. 5.
45. ARe: Progress. Trans-Canada Construction,@ SAB, M10. 52. Bryant Papers, Department of Telephones and Telegraphs; AReport of the Engineering and Plant Departments Meeting,@ Trans-Canada Telephone System, Winnipeg, 12-13 January 1931, ibid., p. 16. See also the Dept. of Telephones, Annual Report, 1930, p. 5.
46. Britnell, p. 120. Of this money, $485,000 was allocated to capital account, while the balance was divided between reconstruction charges and the salvage of existing circuits and equipment.
47. P.A. McFarlane to James Bryant, 8 May 1931, SAB, M10. 52. Bryant Papers, Department of Telephones and Telegraphs.
48. AMinutes of a Combined Meeting of the Telephone Association of Canada and the Directors of the Trans-Canada Telephone System,@ Montreal, 15 May 1931, ibid.

49. AMinutes of the fourth meeting of the Executive Council, Canadian Telephone Association,@ 1 September 1930, ibid.
50. AMinutes of the Meeting of the Executive Council, Telephone Association of Canada, 11th annual convention,@ Minaki, Ont., 28 August-1 September 1931, ibid.
51. Dept. of Telephones, Annual Report, 1932, p. 5.
52. Collins, A Voice From Afar, p. 219. The speed of telecommunications over the new system was impressive. Ordinarily, electricity travels along a conductor at the rate of 186,000 miles per second, or at the same rate of speed as heat and light waves travel. Accordingly, it would require one forty-fifth of a second for the voice to travel from coast to coast over the trans-Canada network. Although the introduction of twenty-two repeater stations at intervals along the line slightly retarded the electrical current between the points of Halifax and Vancouver, sound in the form of the spoken word that causes the electrical impulses to travel over the 4,209 intervening miles made the entire distance in one thirtieth of a second. (Saskatchewan Government Telephones, ANotes on Telephone Development,@ 9 November 1943, p. 4.)
53. Dept. of Telephones, Annual Report, 1934, p. 5.
54. Ibid.
55. James Bryant to W. Bynon, M.P., 15 April 1932, SAB, B10. 53. Bryant Papers, Department of Telephones. See also his letter to Paul A. McFarlane, Chairman, Trans-Canada Telephone System, 15 May 1932, ibid.
56. Paul A. McFarlane to James Bryant, 20 April 1932, ibid.
57. AMinutes of the Proceedings of a General Meeting of the Executive Council of the Trans-Canada Telephone System and the Telephone Association of Canada,@ 27-29 April 1932, Winnipeg, ibid.
58. Prang, pp. 28-29.
59. Mail and Empire, Toronto, 21 April 1932, ibid.
60. Ibid.; Montreal Gazette, Montreal, 21 April 1932, ibid.; Toronto Star, Toronto, 25 April 1932, ibid.
61. Toronto Star, Toronto, 25 April 1932, ibid.
62. Toronto Star, Toronto, 23 April 1932, ibid.
63. Prang, p. 29.
64. Mail and Empire, Toronto, 22 April 1932, ibid.; Toronto Globe, Toronto, 22 April 1932, ibid.
65. ASubmission of the Trans-Canada Telephone System to the Special Committee on Radio Broadcasting,@ 1932, ibid.
66. Ibid.
67. Ibid.
68. AMinutes of the Conference of the Four Western Telephone Systems of the Telephone Association of Canada,@ 22-23 November 1932, Calgary, ibid.
69. W.H. Warren, Deputy Minister, Department of Telephones, Saskatchewan, to James Bryant, 5 December 1932, ibid.
70. Quoted in Rose, p. 132.
71. Ibid.
72. W.H. Warren to James Bryant, 5 December 1932, SAB, B10. 53. Bryant Papers, Department of Telephones.
73. W.H. Warren to James Bryant, a second letter dated 5 December 1932, ibid.
74. James F. Bryant to Sir Hector Charlesworth, chairman, CRBC, Ottawa, 6 December 1932, ibid.
75. ASubmission regarding Western Telephone Systems,@ 2 February 1933, ibid. The submission was signed by Bryant for Saskatchewan, W.J. Major for Manitoba and R.G. Reid for Alberta.
76. W.H. Warren, Deputy Minister of Telephones, to Alex Blackwood, 30 May 1933, ibid.
77. Alex Blackwood, Deputy Attorney General, to W.H. Warren, 17 June 1933, ibid. Blackwood=s reply is fifteen type-written pages in length.
78. AThe Canadian Broadcasting Act,@ 1936, in Historical Documents, vol. V, pp. 356-59.
79. Prang, p. 30.
80. Rose, p. 132.
81. Ibid.

82. Saskatchewan Government Telephones, Minutes of the Board of Directors, 1963, minute 92. (Cited hereafter as SGT, Minutes.)
83. Ibid.
84. Ibid.
85. Archer, pp. 250, 252.
86. Dept. of Telephones, Annual Report, 1945, p. 6. The increases were as follows: 1939-40, 1,087; 1940-41, 2,267; 1941-42, 2,759; 1942-43; 2,068; 1943-44, 2,810. The balance of the 11,500 new subscribers were connected to the system in 1944-45.
87. The figures were as follows: 1939-40, 688; 1940-41, 210; 1941-42, 217; 1942-43, 1,206; 1943-44, 1,936; 1944-45, 1,140.
88. Dept. of Telephones, Annual Report, 1945, p. 6. In 1939-40, 18,641 more completed long-distance calls were made from Saskatchewan than the year before. This figure increased successively to: 122,928 (1940-41); 136,766 (1941-42); 419,832 (1943-44); 424,365 (1944-45).
89. Ibid., 1941, p. 5; 1942, p. 5; 1943, p. 5.
90. Ibid., 1944, p. 5.
91. Ibid., 1945, p. 6.
92. Ibid., p. 5.
93. Ibid., 1941, p. 5.
94. Ibid., 1942, p. 5.
95. SGT, ANotes Regarding Telephone Development,@ 9 November 1943, p. 5.
96. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
97. Frank Degenenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
98. Dept. of Telephones, Annual Report, 1943, p. 5.
99. Ibid.
100. Ibid., 1945, p. 5.
101. Ibid.
102. Ibid.
103. Ibid., 1938-1939, p. 23.
104. Report of the Debt Survey Committee (Regina: 1934) p. 256.
105. Dept. of Telephones, Annual Report, 1942-43, p. . See also Spafford, p. 59.
106. Spafford, p. 59.
107. Dept. of Telephones, Annual Report, 1942, p. 5; 1944, p. 5. By the latter date, 256 rural companies had invested in the bonds for a total amount of $158,700.
108. Ibid., 1945, pp. 5-6.
109. Ibid., p. 5.

Endnotes to Chapter 11

1. Archer, pp. 259-60.
2. Ibid., p. 260.
3. The roots of the CCF can be traced to 1932, when representatives of the Independent Labour Party (est. 1925) and the United Farmers of Canada (est. 1926) gathered at Saskatoon, where they officially formed a new left-wing provincial party, the Farmer-Labour Group. Delegates from that meeting then went to Calgary, where they joined with farmers, labour, socialists and social reformers from elsewhere in the West in organizing the CCF as a new national party, with J.S. Woodsworth as its leader/president. In the meantime, the Farmer-Labour Groups retained its original name until 1934, when it became the Saskatchewan section of the Coöperative Commonwealth Federation.
4. Knubley, pp. 50-1; Minding the Public=s Business, p. 16; J. Richards and L. Pratt, Prairie Capitalism: Power and Influence in the New West (Toronto: 1979) p. 94. For the formation of the CCF, see Archer, pp. 253-59.
5. The ARegina Manifesto@ of the CCF, 1933, in Historical Documents, vol. V, pp. 46-9.
6. Bill Harding, AThe Two Faces of Public Ownership: From the Regina Manifesto to Uranium Mining,@ in Jim Harding, ed., Social Policy and Social Justice (1995): p. 302.
7. Frank H. Williams, AGetting By on the Prairies,@ Winnipeg Free Press, Winnipeg, 2 September 1933.
8. Gruending, p. 22.
9. Quoted in Archer, p. 251.
10. Ibid., pp. 243, 258.
11. Ibid., p. 259; Richards and Pratt, p. 98.
12. Harding, p. 281.
13. Cooperative Commonwealth Federation, CCF Program for Saskatchewan, 1943, p. 19.
14. Archer, p. 259.
15. Eager, p. 60.
16. Gruending, p. 21.
17. Lewis H. Thomas, ed., The Making of a Socialist: The Recollections of T.C. Douglas (Edmonton: 1982) pp. 284, 301.
18. Doris F. Shackleton, Tommy Douglas (Halifax: 1975) p. 130.
19. Richards and Pratt, p. 108. See also Pitsula and Rasmussen, p. 72; Harding, p. 282.
20. Archer, pp. 261-64.
21. Knubley, p. 81; Richards and Pratt, p. 99; Pitsula and Rasmussen, p. 71.
22. Knubley, p. 80.
23. Quoted in ibid., pp. 80-1. Minding the Public=s Business, p. 16; Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan (Regina: 1981) p. 4.
24. Thomas, ARecollections,@ p. 175.
25. Quoted in Knubley, pp. 80-1.
26. Ibid.
27. Richards and Pratt, p. 11.
28. Shackleton, p. 132.
29. Statutes of the Province of Saskatchewan, 1945, Chapt. 17, pp. 36-40.
30. Knubley, pp. 51-2.
31. Pitsula and Rasmussen, p. 71.
32. Eager, p. 149.
33. Crown Investment Corporation of Saskatchewan, Saskatchewan Crown Corporations Review 1996, pp. 1-3.
34. Borcherding, AToward a Positive Theory of Public Sector Supply Arrangements,@ in Prichard, ed., Crown Corporations in Canada, p. 188; Gruending, p. 22.
35. Gruending, p. 22.
36. Pitsula and Rasmussen, p. 71; Minding the Public=s Business, p. 16.
37. Spafford, p. 74.
38. ARegina Manifesto,@ in Stacey, Historical Documents, p. 50.

39. AAn Act respecting the Creation of Corporations for Certain Purposes,@ Statutes of the Province of Saskatchewan, 1947, Chapt. 13, pp. 49-63. The principal features of the legislation were reconfirmed almost two decades later. See the Revised Statutes of the Province of Saskatchewan, 1965, Chapt. 39.
40. Knubley, pp. 82-3; Spafford, p. 74; Harding, pp. 282-83; Minding the Public=s Business, p. 16.
41. AAn Act respecting the Creation of Corporations for Certain Purposes,@ Statutes of the Province of Saskatchewan, 1947, Chapt. 13, pp. 49-50. See also Public Enterprise in Saskatchewan, p. 8. As Evelyn Eager rightly observes, the organization of the Crown corporations subsequently established under the provisions of the 1947 Act represented, in reality, only a modification of the traditional departmental structure.
42. Public Enterprise in Saskatchewan, p. 9.
43. Other Board members of the Crown corporations included senior civil servants and members of the public.
44. Eager, pp. 149-50; Minding the Public=s Business, p. 16.
45. AAn Act respecting the Creation of Corporations for Certain Purposes,@ Statutes of the Province of Saskatchewan, 1947, Chapt. 13, p. 57.
46. Knubley, p. 83; Public Enterprise in Saskatchewan, p. 7.
47. Knubley, p. 83; Spafford, pp. 75-5; Minding the Public=s Business, p. 16.
48. Eager, p. 150.
49. Public Enterprise in Saskatchewan, p. 9.
50. Ibid.; Eager, p. 151; Waverman, p. 71; Spafford, p. 74.
51. AAn Act respecting the Creation of Corporations for Certain Purposes,@ Statutes of the Province of Saskatchewan, 1947, Chapt. 13, p. 60.
52. Eager, p. 57; Public Enterprise in Saskatchewan, p. 3. Examples of these enterprises were the government printing corporation, Saskatchewan Clay Products and the Saskatchewan Timber Board, to name just three.
53. Prichard, p. 200.
54. Eager, p. 57.
55. Spafford, p. 75.
56. SGT, Minutes, Schedule I, Order-in-Council No. 751/47, Regina, 9 May 1947.
57. Ibid., Order-in-Council No. 813/47, 20 May 1947. This was done in accordance with Part II of the 1947 Crown Corporations Act.
58. Dept. of Telephones, Annual Report, 1947, p. 1.
59. SGT, Minutes, Order-in-Council No. 751/47, Regina, 9 May 1947. See also Statutes of the Province of Saskatchewan, 1947, Chapt. 10, pp. 38-40. See also Knubley, p. 82; Minding the Public=s Business, p. 16; Richards and Pratt, p. 113; Waverman, p. 71. Section 24 of the Department of Telephones and Telegraph Act (Revised Statutes of Saskatchewan, 1940, Chapt. 28), as amended in 1947, provided that: AThe Lieutenant-Governor in Council may at any time appoint two or more persons, of whom one shall be the minister, as a corporation under the provisions of the Crown Corporations Act, 1947, to take over the ownership, construction, maintenance, operation, management, and control of the public telephone system on behalf of the Crown in right of the Province of Saskatchewan, and may by order determine the duties, powers and authorities of the minister and the department under this Act which may be exercised by such crown corporations, and may vest such duties, powers and authorities, or any of them in such corporations.@ (SGT, Minutes, Schedule I, Order-in-Council No. 751/47, Regina, 9 May 1947.)
60. SGT, Minutes, 1947, minute 22; Dept. of Telephones, Annual Report, 1947, p. 1.
61. SGT, Minutes, minutes 22, 176. Deputy Minister of Telephones, Walter Warren, was detailed meanwhile to investigate further as to the use of the corporate seal and any other signatures that required it. As for signing authority on the corporations revenue bank accounts, the Royal Bank of Canada was authorized to accept the signatures of Chief Accountant T.C. Chard (or F. Baxendale and K.S. McNabb in his absence) on transfer cheques. With respect to the Crown=s other business transactions, G.G. Milne was empowered to sign all documents for General Manager S.R. Muirhead and Plant Supervisor T.D. Leach when absent. Chief Accountant Chard was granted the same signing authority for Muirhead. (Ibid., minutes 2, 47, 80, 157, 158.)

62. Ibid., minute 112, Schedule I, Order-in-Council No. 751/47, 9 May 1947. It was agreed subsequently that the Board of Directors would hold regular meetings on the second and fourth Fridays of each month, commencing at 2:00 p.m.
63. C.C. Williams served on the Board from 1947 to 1963, though for a number of years he was a director only, having turned over the telephone portfolio to A.G. Kuziak (1952-1955). Both I.C. Nollet and J.A. Young sat on the Executive for only two years (1947-1949), while G.W. Cadbury served until 1951. Of the original directors, D.H.F. Black was the longest sitting after C.C. Williams. He only stepped down in 1963, when he accepted a position with the United Nations in Cairo, Egypt. Beginning in 1947, the Deputy Minister of Telephones also served as the General Manager of Athe System.@
64. SGT, Minutes, 1947, minute 8.
65. Dept. of Telephones, Annual Report, 1947, p. 1; Saskatchewan Crown Corporations Review, 1996, p. 10; Crown Investments Corporation of Saskatchewan, Mapping a New Course, p. 4.
66. Spafford, p. 75.
67. SGT, Minutes, 1947, minute 168.
68. Leader-Post, Regina, 31 March 1947.
69. Harding, p. 283.
70. See Spafford, p. 77.
71. Ibid.
72. Sessional Papers, Saskatchewan, 1930, p. 535.
73. Spafford, p. 76.
74. Saskatchewan Legislature, Debates and Proceedings, 1948, vol. I, no. 18, p. 15; 1950, vol. 3, no. 4, p. 17. See also Spafford, p. 76.
75. Ibid., 1948, vol. I, no. 18, p. 14.
76. Ibid., 1948, vol. I, no. 24, p. 14.
77. Quoted in Smith, Prairie Liberalism, p. 275.
78. Ibid.
79. T.H. McLeod, APublic Enterprise in Saskatchewan: The Development of Public Policy and Administrative control,@ Ph.D. dissertation, Harvard University, 1959, p. 133. See also Spafford, p. 76.
80. Journals of the Legislative Assembly of Saskatchewan, second session, 1944, p. 11.
81. Spafford, p. 78.
82. Ibid., p. 98.
83. SGT, Minutes, 1951, minute 169.
84. Journals of the Legislative Assembly of Saskatchewan, 1950, III, no. 27, p. 17.
85. AThe Saskatchewan Government Telephones Act,@ Statutes of the Province of Saskatchewan, 1953, Chapt. 37, p. 416.
86. Ibid., pp. 36-37.
87. McLeod, p. 136.
88. Allan E. Blakeney, ASaskatchewan Crown Corporations,@ in W. Friedmann, ed., The Public Corporation: A Comparative Symposium (Toronto: 1954) p. 97.
89. Spafford, p. 81.
90. Ibid.
91. Saskatchewan Legislature, Debates and Proceedings, vol. 7, 1954, no. 5, p. 11. Quoted also in Spafford, p. 98.
92. Saskatchewan Legislature, Debates and Proceedings, vol. 9, 1956, no. 5, p. 16.
93. SGT, Minutes, 1965, minute 11.
94. Knubley, pp. 83-4, 97.
95. Crown Investment Corporation of Saskatchewan, Public Enterprise in Saskatchewan, p. 9.
96. Eager, p. 151.
97. Economic Council of Canada, Minding the Public=s Business, p. 16.
98. Eager, p. 151; Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, p. 3; Knubley, p. 97.
99. Prichard, p. 204; Harding, p. 286.
100. Eager, p. 151.

101. Spafford, p. 82.
102. Ibid.
103. Ibid., p. 83.
104. Leader-Post, Regina, 31 March 1947.
105. Allan E. Blakeney, ASaskatchewan=s Crown Corporations: A Case Study,@ in Proceedings of the Institute of Public Administration of Canada (Toronto: 1953) pp. 419-20. Blakeney apparently liked his analysis of the administrative structure of the Crowns so much that he reiterated this paragraph word for word in his budget speech on 10 March 1972 while premier. (See Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 8.)
106. Herbert R. Balls, AThe Financial Control and Accountability of Canadian Corporations,@ in Proceedings of the Institute of Public Administration of Canada, p. 425.
107. Spafford, p. 86.
108. Blakeney, ASaskatchewan Crown Corporations,@ in The Public Corporation, p. 101.
109. Ibid.
110. Spafford, p. 87.
111. For these details, see ibid., pp. 87-8.
112. Saskatchewan Legislature, Journals, 1946, p. 104.
113. Spafford, p. 88.
114. Saskatchewan Legislature, Journals, 1949, p. 91. See also Public Enterprise in Saskatchewan, p. 10; Spafford, pp. 88-9.
115. George Stephen, ACrown Corporation Procedure: The Saskatchewan Legislature=s Practice,@ in Journal of the Society of Clerks-at-the-Table in Empire Parliaments, London, vol. XIX (1950): pp. 188-89. Stephen served as Clerk of the Legislative Assembly for a decade, from 1949 to 1959.
116. Public Enterprise in Saskatchewan, p. 10; Spafford, pp. 89-90.
117. Spafford, p. 91.
118. Dept. of Telephones, Annual Report, 1946, p. 5.
119. Ibid.
120. Gillis D. McCormick, interviewd by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
121. Dept. of Telephones, Annual Report, 1946, p. 5.
122. Ibid. Over the course of the year, 3,567 local subscribers were connected to government exchanges, increasing the total to 52,346 across the province. The number of subscribers served by rural companies grew by 1,224, for a total figure of 50,323. Of these, 39,278 were connected to the provincial system. Finally, 716 local and 11,045 farmers telephones were connected to non-departmental exchanges as of 1946.
123. Ibid. See also the Annual Report for 1947, p. 2.
124. Ibid., 1947, p. 5.
125. Ibid., p. 2. The number of applicants awaiting connection finally peaked at 8,556 in 1948, before it began to decline in the wake of improved conditions. (Ibid., 1948, p. 1.)
126. Ibid., 1947, p. 2. See also Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
127. Ibid.
128. Ibid., 1946, p. 5.
129. Ibid., p. 6.
130. SGT, Annual Report, 1948, p. 1; 1949, p. 1. The actual figures for capital expenditure were: $1,066,584.33 (1948) and $2,379,584.34 (1949).
131. Even then, however, most construction projects had to be planned and engineered well ahead of time, not just because there were generally Ainterrelated with other projects.@ But also because Aequipment must be ordered many months in advance in order to obtain delivery when required.@ (Saskatchewan Government Telephones, Minutes of the Board of Directors, 1964, minute 104. Cited hereafter as: SGT, Board Minutes.)
132. Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

133.SGT, Annual Report, 1951, p. 2; ASaskTel=s Story: The First 75 Years,@ Saskatchewan Telecommunications, Annual Report, 1982, pp. 13-14. (Cited hereafter as SaskTel, Annual Report.)

134.SGT, Annual Report, 1948, p. 1.

135.Ibid., 1953, p. 5.

136.The new facilities increased Regina=s capacity by 1,000 lines; Saskatoon=s capacity by 800 lines; Weyburn=s capacity by 200 lines; and Indian Head=s capacity by 70 lines.

137.In 1947, an arrangement was made with the Trans-Canada Telephone System to lease through-circuits via the United States from Toronto to Vancouver, with each member of the transcontinental system paying a share of the costs. (SGT, Board Minutes, 1947, minute 159.) Three years later in 1950, SGT also notified the TCTS of its approval for the TCTS to lease two additional circuits from Winnipeg and Vancouver for transnational communication purposes. (Ibid., 1950, minute 38. See also SGT, Annual Report, 1950, p. 1.)

138.In 1952, for example, an extra circuit between Regina and Swift Current was leased from the CPR for two years at a rate of $40 per mile. (Ibid., 1952, minute 82.) A similar arrangement was made in 1953 for a Saskatoon-Winnipeg circuit with the CNR at a cost of $8,000 per year (or $30 per mile). (Ibid., 1953, minute 218. In 1954 and 1955, additional agreements followed with both railways for additional lines between Regina and Saskatoon, and Regina and Edmonton, Alberta, at a cost of $30 per mile per year. Alberta was to share the cost. (Ibid., 1954, minutes 68, 75, 155; 1955, minute 22. See also ibid., 1951, minute 157 for an earlier arrangement.) Similarly leased from the CPR in 1957 were surplus circuits--Regina-Saskatoon, Saskatoon-Yorkton, and Saskatoon-Prince Albert. (Ibid., 1957, minute 111.)

139.SGT, Annual Report, 1949, p. 1. The total revenue collected from telephones in 1949 was $5,677,847.

140.ASaskatchewan as Premier Douglas Sees It,@ Monetary Times, June 1956, p. 54. See also SGT, Annual Report, 1955, p. 1; Archer, p. 298.

141.Saskatchewan Government Telephones, ADevelopment of Telephone Service in Saskatchewan,@ 1 March 1958, p. 3; SGT, Annual Report, 1957, p. 1.

142.Saskatchewan Government Telephones, ADevelopment of Telephone Service in Saskatchewan,@ 1 March 1958, p. 2.

143.SGT, Board Minutes, 1950, minute 198; 1951, minute 44. These three towns were of secondary importance, however. In 1950, the General Manager had presented a detailed report to the SGT Board of Directors respecting the order of priority for exchange conversions to dial service. He indicated that the five towns where this change-over was most desirable—excluding Regina—were: Kamsack, Kindersley, Tisdale, Eston and Meadowlake. The Board approved these towns as first in line for dial automation. (Ibid., 1950, minute 124.)

144.Fagan, History of Engineering and Science in the Bell System, pp. 515, 674; AT&T, Principles of Electricity Applied to Telephone and Telegraph Work, 2 vols. (New York: 1938) I, pp. 80-1.

145.Among these were Meadowlake, Wadena, Rosetown, Kamsack, Estevan, Eston, Kindersley, Humboldt, Nipawin and Weyburn. (SGT, Board Minutes, 1953, minutes 59, 74, 133, 140, 230; 1954, minutes 113, 117, 200; 1955, minutes 7, 36, 151, 168; 1958, minutes 166, 253.) It is surprising that Meadowlake, Kamsack, Eston and Kindersley were not adapted earlier, given their position on SGT=s priority list for the conversion programme. In almost every case, the process required the construction of a new exchange building to house the necessary equipment.

146.Among these were Unity, La Ronge and Wilkie, to name just three. (Ibid., 1959, minutes 45(b), 139.)

147.SGT, AThe Development of Telephones in Saskatchewan,@ 1958, p. 3. By the following year, 82.9% of all telephones were dial operated. (SGT, Annual Report, 1962, p. 1.)

148.Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

149.George Spencer, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

150.Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

151.SGT, Board Minutes, 1964, minute 104.

152.SaskTel, Annual Report, 1974, p. 1; SaskTel, ASaskTel=s Story: The First 75 Years,@ Annual Report, 1982, p. 15. The original plan was to complete the conversion work to dial service by 1970. Coincidentally, 1974 was also the hundredth anniversary of the telephone=s invention.

153.To dispose of the old manual sets, in 1965 the General Manager outline a proposal to sell them at a nominal price to interested residents and antique dealers both in Canada and the United States. An American firm offered to purchase the outdated telephones at five dollars apiece. (SGT, Board Minutes, 1965, minute 264.)

154.Saskatchewan Telecommunications, Telephones Through the Years (Regina: 1979) passim.

155.SGT, Board Minutes, 1960, minute 120.

156.Ibid., 1955, minute 7. Manufactured by the Northern Electric Company, coloured telephones cost $33.89 apiece, as opposed to the conventional black set, which cost only $21.39. To cover the added expense, therefore, SGT increased the standard rental rate by fifty cents (lowered in 1957 to twenty-five cents) for customers who wanted the more fashionable coloured instrument. (Ibid., minute 89.) That these new telephones proved popular with Saskatchewan subscribers, despite the higher cost, is evident from the fact that by 1961 approximately 29,302 of the 193,120 system-owned sets were coloured. (SGT, Annual Report, 1961, p. 5.)

157.Manufactured by the Northern Electric Company, both models were made available to SGT customers starting in 1961. But because these stylish telephones cost $40 each, which was Agreatly in excess of the standard sets,@ customers paid a monthly surcharge of eighty-five cents in addition to the standard rental, as well as a $5 surcharge on top of the standard rate for service connection. (SGT, Board Minutes, 1961, minute 55.)

158.Telephones Through the Years, passim.

159.The project was supervised ultimately by the CBC, which controlled the construction contracts. Eager to undertake the work, the Trans-Canada Telephone System bid on the tenders in 1954, and was awarded the contract the following year. (SGT, Board Minutes, 1954, minutes 24, 99, 136, 191; 1955, minutes 33, 58, 131, 146.)

160.Ibid., 1954, minute 24; 1955, minute 58; SGT, Annual Report, 1955, p. 1.

161.SGT, Annual Report, 1958, p. 6; SaskTel, ASaskTel=s Story: The First 75 Years,@ Annual Report, 1982, p. 15.

162.SGT, AThe Development of Telephones in Saskatchewan,@ 1958, p. 3; SGT, Annual Report, 1958, p. 7. In 1962, a proposal was made by the CPR and CNR for a second microwave route across the country. At first, the member companies of the Trans-Canada Telephone System, including SGT, rejected the scheme as an Aunnecessary duplication of communication facilities in Canada,@ and very costly. Only after Ottawa approved the proposal did the TCTS agree to consider it. (SGT, Board Minutes, 1962, minutes 70, 89.) Consequently, in 1965 SGT began preliminary investigation of potential routes for the new system across its territory, from Regina to Calgary via Saskatoon and Edmonton, and Regina to Winnipeg sought and east of the Saskatchewan capital. The latter route was authorized and construction began, to be completed by 1968. (Ibid., 1965, minute 188.)

163.SGT, Board Minutes, 1958, minute 158.

164.Ibid.; SGT, Annual Report, 1955, p. 1, and 1958, p. 6. The preceding name from which the two letters in the system were taken indicated the exchange to which the telephone number belonged. The final four digits were the subscriber=s number. When long-distance calling, the three-digit area code selects the distant city to be contacted.

165.SGT, Board Minutes, 1956, minute 50; 1962, minute 54. Cross-bar switches are defined as having a plurality of vertical and horizontal paths, and electromagnetically-operated mechanical means for interconnecting any one of the vertical paths with any of the horizontal paths. For a technical explanation of their operation, see Burden, Handbook, vol. II, pp. 147-48.

166.Also called Acustomer control dialing,@ switch-over to this function was proposed initially in 1961, when the Board of Directors agreed to proceed with the project Aas quickly as possible.@ Regina and Saskatoon were to be converted first, followed by Moose Jaw, Swift Current, Yorkton and Prince Albert. (SGT, Board Minutes, 1961, minute 163; 1962, minute 54. See also SGT, Annual Report, 1961, p. 8; 1964, p. 3.) The cost to complete the initial stage of the process was estimated at $2 million of capital investment. One reason given for the adoption of DDD was that Aunder the manual operation...for every three minutes of actual customer conversation there were three additional minutes of non-paid for use of the system which were taken up by the operators in handling the calls. By the use of operator dialing this time was reduced to an average of 1 2 minutes and by direct dialing this time was reduced to 20 or 30 seconds.@ It was further noted that Athe heavy and growing demands on the communications facilities necessitates either the more efficient use of facilities or else a tremendous capital investment in additional circuits and a corresponding increase in the number of operators. Consequently, the industry is adopting DDD on a continent-wide basis with 65% of all telephones on the North American continent now having access to DDD facilities.@ Predictions were that by the end of 1965, this figure would have increased to ninety percent. The DDD programme thus offered real economic advantages to SGT, in addition to providing customers with improved service. (Ibid., 1961, minute 163.)

167. SGT, Board Minutes, 1961, minutes 156, 189; SGT, Annual Report, 1960, p. 6. In fact, a study authorized by the Crown corporation and completed in 1960 noted the desirability of adopting the all-numeral system, in view of developments across North American. Consequently, the Board of Directors resolved that all new dial centers established in the province thereafter would be provided with this function. (Ibid., 1960, minute 18.)

168. In fact, SGT expected to have converted all of its exchanges to the new system by 1963. To that end, the offices at Melfort, Rosetown, Prince Albert and the Nutana district of Saskatoon were the next to make the change over. (SGT, Annual Report, 1961, p. 7.)

169. SGT, ATelephone Development in Saskatchewan,@ 1958, p. 3; SaskTel, Board Minutes, 1970, minute 26. Montreal was designated as the other regional switching centre for eastern Canada.

170. See SGT, Board Minutes, 1953, minute 171.

171. Ibid., 1963, minutes 61, 69A, 85, 106, 125, 128, 160, 170; SGT, Annual Report, 1963, p. 1. The proposal for a new head office building was first made in 1957. (Ibid., 1957, minute 78) For additional discussion of the project, see ibid., 1961, minute 91; 1962, minutes 2, 18, 73, 91, 94.

172. Ibid., 1964, minute 172; SGT, Annual Report, 1965, p. 1. The work on the new building was already advanced enough by 1963, however, that some departments had been able to move in during the year.

173. SGT, Board Minutes, 1964, minute 89.

174. Ibid.; 1965, minute 136. In fact, the Board of Directors resolved as a matter of policy that other government agencies were to be apprised first of the availability of extra office space before tendering it to other interested parties. Among the later were urban and rural municipalities, many of which already had contracts in place with SGT for the purchase of vacated telephone buildings and land for their own public projects. The Board preferred this practice to disposal of properties by tender. (Ibid., 1964, minute 179.) Owing to these policies, the Saskatchewan Department of Social Welfare acquired the old Saskatoon exchange building. Similarly, the town of Wolseley purchased the vacant exchange to convert into a municipal office or public library, while the town of Cabri bought the former central office building to use as a museum. (Ibid., minutes 134, 140, 152, 167.)

175. Ibid., 1966, minute 32.

176. Ibid., 1964, minutes 172, 203; 1965, minute 2. The Board approved the proposals in principle, but withheld final authorization for a specific contract until the Montreal firm produced a firm price for its services. At the same time, an original proposal for a sculpture exhibit by, and competition for, Canadian artists in the same foyer was canceled. (Ibid., minutes 68, 78, 123, 163.)

177. Ibid., 1965, minutes 71(d), 91.

178. Ibid., 1964, minute 189; SGT, Annual Report, 1965, p. 1.

179. SGT, Annual Report, 1965, p. 1.

180. SGT, Board Minutes, 1955, minute 189.

181. The carrier transmission system—first put into service in 1917 between Washington and Philadelphia—functioned by modulating the intelligence onto a higher frequency through controlled variation, and then recovering it at the receiving end by reversing the process. Or to put it more simply, a high frequency current is set up, the frequency being beyond the range of the human ear. This frequency is transmitted over the telephone line and the voice current is superimposed on this high frequency current. When this current is received at the distant office,

demodulation takes place and the voice current is carried on to the telephone. At the distant point the high frequency is established and the return voice current is carried back superimposed on the second high frequency current. And here again the voice current is separated from the high frequency current to be carried to the telephone. For practical purposes, three sets of return channels of this nature could be set up and transmitted over one pair of wires and in addition to this, an ordinary conversation can take lace over the same pair of wires. As a result, four conversations can be carried on at the same time over the single pair of wires. (Saskatchewan Government Telephones, ANotes Regarding Telephone Development,@ 1843, p. 4.) In 1948, nine carrier systems were installed in the Saskatchewan plant, including nine voice channels for the Trans-Canada Telephone network. A further twelve carrier systems were connected in 1949 and five more in 1951.

182.SGT, Annual Report, 1961, p. 6. Already by 1959, when twenty-four-hour service had been extended to 93.6% of SGT and rural subscribers, all centres with a hospital or resident doctor had been provided with it. (Ibid., 1959, p. 1.)

183.Already in 1959, SGT had connected six Saskatchewan cities to the national television network via its facilities. Part of this expansion of service had included the installation of a Atime delay@ channel, so that programmes could be broadcast at the same local time.

184.Mobile radio telephone service was especially important to oil and mining companies for regular communication with their men in the field, along pipe lines and so on. (See SGT, Board Minutes, 1955, minutes 38, 180; 1956, minutes 126, 156, 185.) Owing to its limited use in Saskatchewan, however, this service was not initially profitable, with the result that high rates were charged at first. By 1959, nevertheless, 268 mobile telephones were operating in the province. (SGT, Annual Report, 1959, p. 1.)

185.SGT, Board Minutes, 1962, minute 65.

186.SGT, Annual Report, 1962, p. 8.

187.Ibid., 1963, p. 7.

188.Because the volume of long-haul messages carried over the provincial network had already begun to grow rapidly after the war=s end, starting in 1948 electric billing machines were installed on the system to process long-distance charges. One was installed in 1956 at the main exchange in Regina. Manufactured by the National Cash Register Company, it cost $8,000. (See, for example, SGT, Board Minutes, 1956, minute 28; 1962, minutes 70, 89.) Eventually, by 1964 traffic had become so heavy as a result of Anatural growth@ and the escalating work load in Regina as a regional centre in the Trans-Canada System, that an additional position of Traffic Superintendent was created just for Saskatchewan=s southern division. (Ibid., 1964, minute 72.)

189.SGT, Annual Report, 1960, p. 6; 1962, p. 1.

190.Ibid., 1961, p. 6.

191.Ibid., 1947, minute 35. See also SGT, Annual Report, 1960, p. 6; 1962, p. 1; 1963, p. 1. The official name for this item is Ateleprinter exchange service,@ or TWX.

192.SGT, Annual Report, 1963, p. 7.

193.SGT, Board Minutes, 1962, minute 144. The general need for such a mechanization programme had been discussed in conjunction with the transition to Direct Distance Dialing in the province. The Board agreed at the time to establish a Machine Accounting Centre with equipment rented from the International Business Machines Company at a cost of $3,568 per month. Other equipment was ordered from the Northern Electric Company for installation by late 1963 to process the DDD tapes.

194.In 1964, just a year after the machinery was installed, $3,900 worth of un-billed toll tickets, representing one Sunday=s long-distance business in Regina, was destroyed accidentally. Steps were taken subsequently to increase control over un-billed tickets with a view to avoiding a reoccurrence of such losses in future, but without adding significantly to the cost of implementing control procedures. (Ibid., 1964, minute 139.)

195.SGT, Annual Report, 1964, p. 3.

196.Other new positions heralding the new computer age and created in addition to that of General Supervisor, Methods and Data Processing, were: Supervisor, Data Processing; and Statistical Analyst.

197.Ibid., 1964, minutes 93, 105, 159. See also ibid., 1963, minute 106. The Board=s concern about the cost of personnel was justified by a concurrent report on staff increases between 31 July 1963 and 31 July 1964. According to this study, the escalating work load during this period explained the sudden rise in new hirings. Management also reported that Abased on the current manpower forecast and allowing for the effects of improved productivity, the number of permanent and temporary staff at the end of 1964 & 1965 would be approximately 2,172 and 2,261 respectively.@ One solution offered was to explore the costs of having janitorial services performed by external agencies. The only area that suffered a shortage of staff, by contrast, was the engineering department, which led management to consider contracting out some of its engineering needs to Bell Canada. (AAnalysis of Staff Increases,@ ibid., 1964, minute 159.)

198.Ibid., 1953, minute 219. The equipment was rented from the Audichron Corporation at $165 per month.

199.Ibid., 1959, minutes 278, 284, 295. Initially, the rate for service was five cents per call. But this was raised on 1 January 1960 to fifteen cents.

200.SGT, Annual Report, 1960, p. 6.

201.SGT, Board Minutes, 1959, minutes 106, 148; 1960, minute 189. The suggestion for paying bills at municipal utility offices was first made in 1948. (See ibid., 1948, minute 190.)

202.Ibid., 1961, minute 56. See also, SGT, Annual Report, 1961, p. 8.

203.To put this growth into perspective, between 31 December 1947 and 31 December 1960, the number of telephones connected to the provincial system skyrocketed from 58,902 to 182,301. In the same period, the (un-depreciated) assets of SGT increased from c. $22.5 million to $125.8 million.

204.SGT, Annual Report, 1960, p. 6.

205.F.V. Gange, AExchange Rate Schedules,@ Proceedings of the Telephone Association of Canada (1950), p. 80.

206.The differential between business rates at the same exchanges were, respectively $4 per month and $8.50 per month. Telephone charges between the low- and high-end limits for both categories—esidential and business—ose by increments of fifteen, twenty-five or even fifty cents, depending on exchange size and the number of stations served.

207.SGT, Board Minutes, 1963, minute 38; 1965, minutes 93, 145. The change of design added another $2,000 to production costs.

208.Ibid., 1963, minute 38.

209.Archer, p. 273.

210.SGT, Board Minutes, 1954, minutes 70, 134, 198; SGT, Annual Report, 1955, p. 1.

211.SGT, Board Minutes, minute 45(b); SGT, Annual Report, 1958, p. 6; 1959, p. 1; 1963, p. 7. Nipawin was similarly connected to long distance via radio link in 1960. (SGT, Annual Report, 1960, p. 6.) In fact, microwave and point-to-point radio were both used to connect numerous communities, among them Melfort-Tisdale-Mistatim-Somme and Hudson Bay, as well as Waskesiu-Molanosa.

212.Ibid., 1958, minutes 230, 265, 272. Gunnar Gold Mines Ltd. and the Eldorado Mining and Refining Company were especially eager to obtain long-distance service, and pressed SGT to provide it.

213.Ibid., 1956, minutes 54, 96.

214.Multiplex is defined as the use of a common channel to make two or more channels. This function is accomplished by splitting of the common channel frequency band into narrower bands, each of which is used to construct a distinct channel, or by allotting the common channel to multiple users in turn, to constitute different intermittent channels.

215.SGT, Board Minutes, 1960, minute 183; 1962, minute 2.

216.Ibid., 1962, minute 2; SGT, Annual Report, 1963, p. 7. The full technical name for this function is ATropospheric Scatter Wave.@ It is named for the layer of the earth=s atmosphere, between the earth=s surface and the stratosphere, in which about eighty percent of the total mass of atmospheric air is concentrated and in which temperature normally decreases with altitude. A quasi-horizontal layer in the troposphere behaves as a duct within which radio energy of a sufficiently high frequency is substantially confined and propagated with abnormally low attenuation (that is, reduction in the power level due to resistance, leakage, induction, etc., which results in low-volume reception). Hence, the technology of tropospheric Ascatter,@ defined formally as the propagation of radio waves as a consequence of irregularities or discontinuities in the physical properties of the troposphere, which produces a method of trans-horizon communications. As far back as 1956, SGT had determined that scatterwave was the only feasible means to provide Uranium City and similar points with long-distance service. A standard line would have cost the corporation upwards of $3 million. (Ibid., 1955, minute 199; 1956, minute 12.)

217.SaskTel, Board Minutes, 1970, minute 70. In addition, SaskTel assumed responsibility for subscriber services at Creighton (adjoining Flin Flon on the Saskatchewan side of the boundary with Manitoba), which it had shared hitherto with the Manitoba telephone system.

218.Waverman, p. 71; Spafford, p. 60.

219.SGT, Annual Report, 1947, p. 2. During 1947, both services were expanded considerably.

220.Dept. of Telephones, Annual Report, 1947, p. 1; 1948, pp. 4,5; 1949, pp. 4,5; 1956, p. 4. See Also SGT, Board Minutes, 1948, minutes 43, 63, 197. In 1946-47, 125 students took part in the short courses offered by the school. This number declined to seventy-six in 1949, and by 1956 had dropped to thirty-four. In the meantime, the department refurbished the school=s equipment at an initial cost of $4,000. The cost of instruction was estimated at $3,000. (See SGT, Board Minutes, 1948, minute 63.) The school trained its last class of thirty-three men in 1962, before closing its doors permanently, owing to the rapid assimilation of rural telephone systems with the provincial plant during the 1960s and 1970s. (Dept. of Telephones, Annual Report, 1962, p. 1.)

221.Waverman, p. 71.

222.In 1950, for example, SGT bought the Govan and Marayfield Rural Telephone Companies. (SGT, Annual Report, 1950, p. 1.) In 1954, it acquired four others at Antler, Coleville, Cutknife and Lang. (Ibid., 1954, p. 1; SGT, Board Minutes, 1950, minute 100.) The plants at Calder, McNutt, Allan and Milden were similarly purchased in 1954. (SGT, Board Minutes, 1954, minutes 155, 186, 232.) And in 1955, the village plant of Riceton was bought. (SGT, Board Minutes, 1955, minute 243.) The system at Yellow Grass follwed in 1957, just to name a few of the department=s purchases. (SGT, Board Minutes, 1957, minute 107.)

223.SGT, Board Minutes, 1953, minute 185. The purchase price was $7,050, exclusive of the rural system connected to the town exchange.

224.Spafford, pp. 60-1.

225.Ibid., p. 61. See also SGT, Board Minutes, 1959, minute 223.

226.Royal Commission on Agriculture and Rural Life, Report No. 4, Rural Roads and Local Government (Regina: 1955) p. 163. The commission was appointed in 1954-55.

227.Dept. of Telephones, Annual Report, 1947, p. 1.

228.Ibid.; SGT, Annual Report, 1947, p. 2.

229.Spafford, p. 62.

230.SGT, Board Minutes, 1959, minute 166.

231.Dept. of Telephones, Annual Report, 1947, p. 1; 1948, p. 4; 1949, p. 5.

232.Ibid., 1947, p. 6. This debt, acquire from debenture issues prior to 1929, had lingered over the rural telephone companies ever since due to their inability to raise the necessary funds during the depression and war years to pay it back.

233.Spafford, pp. 62-3.

234.Ibid., p. 63.

235.Local Government Board, Annual Report, 1947, n.p.

236.Spafford, p. 63.

237.The amount of capital raised by means of the special levy tax grew steadily through the late 1940s and the 1950s. In 1948, for example, farmers= companies received from the rural municipalities (which were responsible for collecting the tax and allocated the telephone revenues) the sum of $589,570. (Dept. of Telephones, Annual Report, 1948, p. 5.) In 1949, this figure increased to &711,225. (Ibid., 1949, p. 5.) Between 1950 and 1952, the amount hovered between $593,000 and $712,000, before rising to $793,000 (1953), $845,000 (1955) and $980,000 (1958).

238.Statutes of the Province of Saskatchewan, 1948, Chapt. 39; 1958, Chapt. 10. For additional funding, the coöperatives also began to cash in the Victory Bonds they had purchased during the Second World War for just such a purpose. (See, for example, the Department of Telephones=

annual reports for 1948 (p. 5) and 1949 (p. 5).) The rural companies realized total pay outs of sums between $30,000 and $35,000 on their original investments.

239.SGT, Board Minutes, 1956, minute 162; 1957, minute 49.

240.Ibid., 1959, minute 236; 1963, minutes 39, 120, 131. A small exchange was generally defined as having fewer than 200 telephone connections, though sometimes this was reduced to 100. In 1959, a special study was made of offices without twenty-four-hour service where there was special need because of the location of hospitals and doctors, to determine the feasibility of, and estimated costs involved in, providing continuous service at these points. (Ibid., 1959, minute 193.)

241.Spafford, pp. 63-4.

242.Schedule A, ATerms of Reference for the Proposed Study of Rural Telephones,@ SGT, Board Minutes, 1958. See also ibid., minute 88, for the original resolution that such a report be authorized.

243.Ibid., 1959, minute 54.

244.SGT, ADevelopment of Telephone Service in Saskatchewan,@ 1958, p. 4.

245.SGT, Board Minutes, 1960, minute 4.

246.In 1960, almost immediately after the Reid recommendations were adopted, 166 pole application were received. This involved $71,000 payable by the Department of Telephones, while Afurther applications are coming in at a rapid pace.@ (Ibid., 1968, minute 155.)

247.Ibid., 1960, minute 4; Star Phoenix, Saskatoon, 2 March 1960. See also the Statutes of the Province of Saskatchewan, 1960, Chapt. 81.

248.SGT, Board Minutes, 1960, minutes 111, 140.

249.Dept. of Telephones, Annual Report, 1961, p. 1. This represented an increase of $4,892 since the previous year. In 1961, a further $173,888 were paid out in pole grants. (Ibid., 1962, p. 1.)

250.Star Phoenix, Saskatoon, 18 February 1961. See also Spafford, p. 64. In terms of maintenance grants, the government paid out $17,190 in 1960; $56,002 in 1961; and $56,100 in 1962.

251.Star Phoenix, Saskatoon, 13 July 1960.

252.Dept. of Telephones, Annual Report, 1951, p. 1.

253.Ibid., 1947, p. 6. Of the total number of rural telephones, 41,229 were connected to government exchanges in 1947, up from 40,273 the previous year. (SGT, Annual Report, 1947, p. 2.) When the number of rural sets is combined with 96,432 system-owned telephones and a further 12,543 connected to independent exchanges, the total number of telephones in operation across Saskatchewan in 1947 was 108,975.

254.Dept. of Telephones, Annual Report, 1950, p. 1.

255.SGT, ADevelopment of Telephone Service in Saskatchewan,@ 1958, p. 4.

256.Spafford, p. 65. The 1951 figure dropped to forty-seven percent if only occupied farms, as opposed to resident farmers, are considered.

257.Ibid., pp. 68-9.

258.SGT, Board Minutes, 1959, minute 223.

259. Spafford, p. 69.

Endnotes to Chapter 12

1. Archer, p. 262.
2. Leader-Post, Regina, 20 April 1944.
3. Ibid., 21 April 1944.
4. Archer, p. 257.
5. ATelephone Unions Signs Agreement,@ Saskatchewan Commonwealth, Regina, 2 May 1945. This was the second contract concluded between the CCF administration and organized labour, however. The first was signed by the government with the union of public employees who worked at the Weyburn and North Battleford mental hospitals.
6. Archer, p. 229.
7. Among the other difficulties here is the problem of nomenclature. In some references to the organization, it is called the Saskatchewan Government Employees= Association, while in others it is the Saskatchewan Government Telephone Employees= Association. Hence the confusion.
8. In the Minutes of the Central Executive Council of the SGT Plant Employees= Association for 18 September 1941, reference is made to the purchase of a mimeograph machine for $3 that had formerly belonged to the defunct SGEA.
9. Archer, p. 160.
10. Ibid. Scott=s actions were not the result of any fear of potential political agitation by organized labour. As Gordon Barnhart explains, though the premier accepted labour associations, he did not envisage them developing into the political force they later became. AI am a thorough believer in labour unionism too,@ the premier once wrote, Auntil I became an employer I held membership in an union,—yet it is my firm conviction that a purely labour party is too narrow to entrust with the affairs of the country.@ (Quoted in Barnhart, p. 152.)
11. Archer, p. 160; Barnhart, pp. 75-6.
12. Saskatchewan Government Telephone Plant Employees= Association, Minutes, 30 January 1935. (Cited hereafter as SGT Assoc., Minutes.)
13. This clause was confirmed in November 1938, when a request for membership by R.G. Read of the Repair Department was rejected on the grounds that it was open only to employees of the plant who served in a technical capacity, meaning: districtmen, linemen, gang-men, switchmen, installers and operators. (Ibid., 17 November 1938.) In April 1942, however, that rule was relaxed to include plant clerks and, presumably, repair-shop personnel by constitutional amendment. (Ibid., 16 April 1942.)
14. Ibid., 29 November 1937.
15. Ibid., 1 June 1936.
16. The Regina Local also included the city of Moose Jaw and Divisions 1 and 3. The members of the local were thus located across the southern portion of the province, centering on the Saskatchewan capital. Of the total roll eighty-nine members, up to thirty-four came from Regina, a further sixteen from Moose Jaw, three more from Yorkton and four from Swift Current. The remainder came from Division 1 (including Estevan, Weyburn, Assiniboia, Swift Current area and other places in the southwest) and Division 3 (including Strassburg, Canora, Stoughton, Melville, Davidson, Outlook, Leader, Shaunavon, Esterhazy, Kipling, Lanigan, Moosomin, Balcarres and Yorkton). Unfortunately, comparable figures are not available for the Saskatoon Local. (See AMembership List,@ Regina Local, SGT Assoc., Minutes, 1939.)
17. The first executive elected to office at the inaugural meeting of the union included: G.W. Clarke (President), H. Simmonds (Secretary-Treasurer), E. Benson, C.G. Palmer and M. Jones.
18. The presidents of the SGTPEA were: G.W. Clarke, 1935-1938; H.N. Jones, 1938-1939; C.G. Palmer, 1939-1942; H.N. Jones, 1942-1944.
19. The composition of the executive for the Regina Local was readjusted two years later, when it was resolved that the officers would consist of the president, secretary-treasurer and four other members. Four of the six officers—including the president—were to be residents of Regina, the fifth was to be a resident of Division 1 and the sixth was to be a resident of Division 3. The elected officer who attracted the largest number of votes from the Regina members would assume the presidency of the union. The secretary-treasurer, on the other hand, would be appointed by the executive itself from among the other five members. (SGT Assoc., Minutes, 29 November 1937.)

The composition of the executive changed once more the following year, with the addition of a seventh member, who was to come from Moose Jaw city. (Ibid., 17 November 1938.)

20. Ibid., 2 November 1939.
21. Not until April 1944, very late in the union=s history, did the Moose Jaw members form a third local of their own. (See ibid., 10 February and 20 April 1944.)
22. Ibid., 27 February 1935.
23. Ibid.
24. Ibid., 6 June 1939.
25. Ibid., 9 June 1941. All questions, complaints and suggestions with respect to retirement benefits were also to be handled by this committee.
26. Ibid., 28 February 1936.
27. Ibid., 8 December 1936.
28. Ibid., 11 February 1942.
29. Ibid., 29 November 1941.
30. Ibid., 17 May 1935.
31. Ibid. 12 September 1935. Although the contents of this letter, dated 29 June, were not detailed in the minutes, the association=s anxiety that Warren had not yet responded by mid-September strongly suggests that the seventy-five percent mark had been reached and that this was the letter informing the Deputy Minister of the union=s formation.
32. Ibid., 4 October 1935. This citation contributes to the general confusion over the character of the SGEA. The minutes refer to it on this occasion as the ASaskatchewan Government Telephone Employees= Association,@ rather than using the more comprehensive label.
33. Ibid., 28 February 1936. The other members of the newly constituted Schedule Committee were: J. Torrie, T. Priest, N. Jones and B. Medhurst.
34. Ibid., 1 April 1936.
35. Ibid., 1 June 1936.
36. Ibid., 12 November 1938. To that end, the constitution of the association was amended in spring 1939 to insert the necessary revisions required in order to facilitate the registration of the union under the new Act. (Ibid., 5 May 1939.) The delay was caused here by the need not just to alter the constitution of the Regina Local, but also to ensure that its provisions and those of other locals conformed. Only then (on 2 November 1939) was the association ready for registration under the Trade Union legislation. (Ibid., 6 June and 2 November 1939.) That certification appears to have been effective, for starting in 1939 contract negotiations between the union and the department occurred on a regular annual basis. This suggests that the association had acquired the official recognition that it had sought since 1935.
37. Ibid., 8 June 1936.
38. Ibid., 39 September 1936.
39. Ibid., 17 November 1936.
40. Ibid., 6 June 1939.
41. Ibid., 27 February 1941.
42. Ibid., 20 August 1942. This is the only such reference in the minutes.
43. Ibid., 9 January 1941.
44. Ibid., 12 February 1941. The concern arose specifically over the poor training received by apprentice switchmen.
45. Ibid., 21 January 1944. Initially, the union requested a six-year apprenticeship, with pay rates staring at $60 per month and concluding during the last six months of training at a monthly salary of $160. At that point, the employee would advance to the next higher rating. But the department wanted to retain the old four-year scheme, thus widening the spread between the junior and top rates by $5 more. After considerable discussion, the two sides compromised on the five-year apprenticeship plan.
46. Ibid., 12 February 1941. The new arrangement was first experimented with at Saskatoon.
47. Ibid. Subsequently, on 17 April, the union voted to have all linemen=s leather implements replaced by the department, as well, when they became too worn to assure the safety of the men concerned. The department=s tool policy was reconfirmed in 1951, when SGT=s General

Manager was authorized Ato arrange for the purchase of tools for plant employees in cases where such employees now purchase their own.@ (SGT, Board Minutes, 1951, minute 59.)

48. SGT Assoc., Minutes, 12 February 1941.
49. Ibid., 9 February 1940.
50. In fact, at one point the union contemplated a motion that would have directed the Welfare Committee (formerly the Grievance Committee) to approach each employee of the Switchroom staff who was a union member to ask bout working conditions and in particular the general causes of the Apresent atmosphere of nervous tension,@ with a view to improving the situation. The recommendation was dropped, however. (Ibid., 17 October 1940.)
51. Ibid., 16 April 1942.
52. Ibid., 18 June 1942.
53. Ibid., 6 August 1942. See also the minutes for 20 August 1942.
54. Ibid., 20 August 1942.
55. Sub-foremen, for example, were to be defined as Aa lineman in charge of three or more employees.@ (Ibid., 20 November 1941.) The department rejected this designation, however. (Ibid., 11 February 1942.) The union similarly urged that all offices of 300 lines or more be classified as to personnel and the status of the men employed in them. (Ibid., 5 October 1939.) By the same token, it wanted troublemen, PBX-men and equipment installers to be classified as separate categories in the wage schedule and given first-class rating, in view of their specialized functions. But the department reiterated that this was a local issue, and that no definite first-class rating could be established for all troublemen in particular, just as it could not be done for Districtmen. It further suggested that the formal rating system be replaced altogether with a sliding scale of three categories only. On this, at least, the two sides agreed. (Ibid., 8 December 1939, 21 October 1939.)
56. Ibid., 9 January 1941.
57. Ibid., 23 September 1942. The Cost of Living issue was first raised in the minutes for 9 January 1941 in response, no doubt, to rising inflation caused by the outbreak of World War II. The union asked for a monthly allowance of $7.50 per employee, as opposed to a percentage rate (usually five percent) as some businesses used. AA percentage basis is not fair to the low wage earner,@ the association argued, Aa more equitable way was...to strike an average which resulted in the figure of $7.50 per month.@ The monthly allowance also was preferable to the annual bonus method, Ahaving in mind the fact that a Cost of Living Bonus for Telephone Plant employees opens up a wide field in the Government Civil Service that may hold up our chances of getting same until some scheme for all Government employees on the Bonus method is agreed upon by the Government.@ But the department avoided the issue for the moment, stating only that it would study the matter and respond at a later date. (Ibid., 12 February 1941.)
58. The union certainly refused to let the matter drop. On 17 April 1941 it requested that the department provide reasons for its apparent refusal to implement a Cost of Living scheme. The association even considered requesting a $10 per month wage increase in place of the allowance in the fact of official stone-walling.
59. In June 1942, the department finally agreed to implement a Cost of Living Bonus. But, complained the union, the proposed plan Awas not just as it should be for the benefit of the employees as a whole.@ For it was neither Ajust nor equitable.@ The association resolved, therefore, to offer suggestions as to Ahow the scheme could be changed to benefit many more employees than it does now, especially the temporary man.@ To that end, it proposed that the bonus be paid monthly instead of every six months as the department planned, meaning that an employee would not have had to be on the job for six consecutive months to receive the benefit. This would help workers hired on a temporary contract. The union also recommended raising the ceiling of payments to at least $3,000 per year. (Ibid., 29 June 1942.) The following August, the issue was raised again, at which time the Deputy Minister acknowledged that Athere was obviously room for improvement on the existing plan and that the matter would receive further consideration.@ (Ibid., 20 August 1942.) But the changes urged by the union were rejected by the Minister of Telephones, who Acould not see fit to allow the provisions of the Saskatchewan Civil

Service `Cost of Living Bonus Scheme= on our behalf.@ The Minister suggested, instead, that any inequalities in the plan could be adjusted by the Plant Superintendent, who would be calling another meeting soon. (Ibid., 15 October 1942.) That conference occurred the following 9 November, where the Plant Superintendent promised that the inequalities affecting the Plant Department relative to the scheme would be resolved, Aimplying that those at present not receiving will receive an equivalent to those already in line for the Cost of Living Bonus.@ (Ibid., 19 November 1942.) Still not satisfied, however, the union resoled to reopen discussions with the department over this issue at a future date. (Ibid., 15 April 1943.)

60. Ibid., 9 January 1941. The goal here was to ensure that the injured worker received 100 percent of his regular pay. The Plant Superintendent countered that current department policy was to make up the salary for a period of three months, equivalent to the average accumulated sick-leave. He further noted that two employees in 1940 had received cheques for the full amount of wages lost while they were on the injured list. The association expressed its appreciation for this policy, but continued to press that the difference in salary be paid for the full period of convalescence, not just the first three months. The discussion ended inconclusively, with the union asking that it be informed in writing of the department=s ultimate decision. (Ibid., 12 February 1941.) Exasperated by the latter=s continuing inaction, however, the union finally recommended that since the department had already agreed on compensation payments in principle, if any doubt arose with regard to individual claims, the matter could be referred to a joint committee of employees and telephone officials. (Ibid., 17 April 1941.) The department apparently did not respond.
61. Ibid., 19 June 1940.
62. The timing of the union=s request for such items as exchange libraries, technical training, longer apprenticeships and so on, which occurred starting in 1941, suggest that these issues, too, were related closely to the new conditions created by the war as plant employees needed on-the-job instruction to fill gaps in the system opened by those who enlisted with the Canadian forces.
63. Ibid., 12 February 1941.
64. For example, complained the union, the Regina District was placed in the hands of a mere apprentice in 1941. In response, the Plant Superintendent explained that this was a temporary appointment only, required by emergency circumstances, but that the employee in question had Aacted@ for a mere six months. Consequently, no harm was done. Leach agreed, however, that this Awas not a desirable precedent and [he] would avoid it in future.@ (Ibid., 11 February 1942.)
65. Ibid.
66. Ibid., 12 February 1941.
67. Ibid.
68. Ibid., 20 November 1941.
69. Ibid., 9 January 1941.
70. Ibid., 11 February 1942.
71. Ibid., 20 August 1942.
72. Ibid.
73. Ibid., 29 February 1940.
74. Ibid., 9 January 1941.
75. Ibid., 18 November 1943.
76. Not only did the union want inserted into the wage schedule a sentence to the effect that Ano increase in salary shall be less than $5.00 per month,@ but further requested a $10 raise in most cases in the next round of contract negotiations. (Ibid., 18 November 1943, 21 January 1944.) By this time, however, the department had instituted a modest cost-of-living bonus of $5 per month for married men (but not single men), with the result that it agreed only to a general salary increase of $5. As for legal holidays, the association requested that both Victoria Day and Remembrance Day—suspended in 1942 and 1943 because of the demands of the war—be reinserted in the agreement for 1944. The department agreed to consider the matter and give its answer at a later date. (Ibid., 21 January 1944.)
77. The union wanted a new clause added to the department=s AMemorandum of Wages and Regulations,@ stating the conditions, length of service, etc., that were necessary to qualify as permanent, as opposed to temporary staff. After much discussion, the department refused to

concede such a clause. The association had better luck in asking that complete regulations concerning casual and extended sick-leave be inserted into the new agreement. (Ibid., 21 January 1944.)

78. AProlonged and sometimes heated discussion followed the Department=s stand@ on cost-of-living allowances, stated the union minutes, Athat as all [married] employees had already received increases through Living Bonuses they would not consider the $5.00 increase on wage rates as a 100% increase, but that it would work out practically to that percentage.@ The association finally acceded to the department=s terms, but insisted that after the increases were put into effect, any employee who did not receive one or an explanation outlining the reasons why, could refer the matter to the Welfare Committee for investigation. (Ibid.)
79. According to Section 12 of the union contract: AAfter 48 months of satisfactory progress, an apprentice shall advance to the next rating in his class, and yearly thereafter he shall be raised as is consistent with his ability and efficiency until the maximum rate in his class is reached.@ The Plant Superintendent stated that he had instructed all supervisors to report on this matter. The results were read to the union delegation, but none of the reports contained references to specific cases of complaint. Consequently, the delegates could Aonly present their opinion as a whole and did so ably,@ claimed the association=s minutes. So the question was placed once again in the hands of individual members to proceed with in accordance with the SGTPEA=s constitution. (Ibid.)
80. Canadian Labour Congress, Canadian Labour History (Ottawa: 2001) n.p.
81. SGT Assoc., Minutes, 10 February 1944; Central Executive Council, AAnnual Report,@ April 1944.
82. CLC, Canadian Labour History, passim.
83. SGT Assoc., Minutes, 18 November 1943.
84. Ibid., 20 April 1944.
85. Ibid., 17 August 1944.
86. Ibid., 29 November 1944. At the height of the association in 1939, it had bank assets in the amount of $818.00. (Ibid., 5 May 1939.) Presumably, the mimeograph machine was also given to the UTWC.
87. United Telephone Workers of Canada (CCL), Minutes of the Executive Council, 2-3 December 1944, p. 1. (Cited hereafter as UTWC, Minutes.)
88. Local 1 (Regina) reported a paid-up membership of 313, with cash on hand of $107.57; Local 2 (Saskatoon) reported a paid-up membership of 259, with cash on hand of just $13.35; and Local 3 (Moose Jaw) reported a paid-up membership of 176, with cash on hand of $159.96, of which $100 was a personal loan to the organization to help defray its share of expenses for the Regina convention. (Ibid., p. 2.) Clearly, the UTWC had inherited both the local organization, membership and cash balance—however paltry—of the nearly defunct SGTPEA.
89. Among the places visited by Palmer were: Weyburn, Estevan, both Battlefords, Moose Jaw, Prince Albert, Saskatoon and Yorkton. (Ibid.)
90. Ibid.
91. Ibid., p. 4. The delegates also agreed to assume responsibility for Moose Jaw=s debt of $100. The $300 loan did not resolve the immediate cash problem, however. The Central Executive later resolved, therefore, that each Local forego the per-capita tax allocation of February to April 1945 for every member, collected by the central council, Ain view of the extensive expense incurred through organization and co-ordination of the Union, plus the fact that all future major expenses of each Local are being pooled and disbursed by the Central Executive council.@ From that combined cash balance, the executive secretary would pay the per-capita tax of all three Locals that was owed to the Saskatchewan Federation of LabourB-or the CCL as of 1 June 1945. (Ibid., 15 July 1945, p.8.)
92. Effective 1 May 1945, executive officers were paid a per deum of $3 while working on union business at their own office, which increased to $8 when attending to union affairs out of town. (Ibid., 15 July 1945, p. 8.)
93. Ibid., 2-3 December 1944, p. 3.

94. Ibid., 21 March 1945, p. 5. Dues were raised subsequently to $2 in 1947. (Ibid., 7-8 June 1947, p. 103.) It may be recalled that membership was open to some low-level management personnel in the SGTPEA. These people were now excluded for the most part.

95. Ibid., 10 April 1945, p. 6.

96. The executive officers of the three locals of the UTWC were: John Lax (president), J. Bentley (vice-president), G.W. Marshall (secretary-treasurer), W.S. Thomson, Miss P. Butterfield, A.G. Tough, Miss A.M. Palmer, P. Crawford for Regina Local No. 1; R. Ruemper (president), T. Dalzell (vice-president), Frank Forsythe (secretary-treasurer), Elma Hannah, Miss A. Galt, B. Bearman, Miss M. Ferguson, Miss V. Vellacott for Saskatoon Local No. 2; C.D. Silverthorne (president), J. Hunt (vice-president), J.B. Young (secretary-treasurer), Eleanor Mossop, J. wilson, Miss Talmadge, Miss Mulholland for Moose Jaw Local No. 3.

97. ATelephone Union Signs Agreement,@ Saskatchewan Commonwealth, Regina, 2 May 1945. The contract was actually signed on 25 April 1945, however, by representatives of both sides, as well as A. McAuslane on behalf of the CCL. Curiously, however, the formation of the UTWC and conclusion of the new agreement were given only cursory notice in the department=s annual report for that year (p. 5).

98. SGT Assoc., Minutes, 4 May 1945.

99. United Telephone Workers of Canada, Canadian Congress of Labour, Union Agreement, 1945-1946 (Regina: 1945) p. 1.

100.1. Advance notices of new positions or vacancies were to be posted in places accessible to all employees in the branch concerned, allowing at least seven days from applications. Seniority was to prevail in all appointments. At the same time, an employee could be placed on an Aacting@ basis for only three months, unless paid the standard wage rate for the position he held. The department also agreed to post seniority rosters during March of every year for verification by employees in case of grievance. Finally, in the event of necessary lay-offs, senior employees Awith sufficient ability to perform the work shall be retained.@ (Ibid., Articles 7 and 8, p. 3.)

101. Excluded from this provision were males who had reached their fiftieth birthday and females who had reached their forty-fifth birthday prior to being hired by the department. They were considered temporary only due to their proximity to retirement. For all other personnel, continuous service was not to be considered broken if they were absent on account of sickness, leave of absence or temporary lay-off for which they were not responsible. (Ibid., Article 9, pp. 3-4.) This concurred with SGT policy and the Board=s agreement that no special conditions be attached to applications for permanent staff except for such matters as age, health, etc. Management also agreed that Athere be no ban on the employment of married women,@ another departure from practice in the past. (SGT, Board Minutes, 1948, minutes 112, 130.)

102. The union successfully restored Victoria Day to the list of holidays to be observed, which had been a matter of contention in 1942 and 1943. Remembrance Day was not included, however. Other holidays were: Christmas Day, New Year=s Day, Good Friday, Dominion Day, Labour Day, Thanksgiving Day and various civic holidays. (UTWC, CCL, Union Agreement, 1945, Article 12, p. 4.)

103. The department promised that every effort would be made so that annual vacation periods would be 1 May to 1 October, during the est months of the year. But annual vacations were to be regulated by a rotation scheme to ensure equality for all employees in terms of choice, regardless of seniority. (Ibid., Article 13, pp. 4-5.)

104. Apart from identifying the proper steps in the process, the contract also specified that no member of the union grievance committee would suffer loss of pay for required time off to attend meetings between the department and the UTWC on any complaint, and that the department also would pay for his travel expenses, and room and board, if necessary. (Ibid., Article 6, pp. 2-3.)

105. ASuch employees,@ continued the clause, Ashall be entitled to the same rights with respect to promotion as they would have enjoyed if they had remained in the service of the Department.@ (Ibid., Article 14, p. 5.) Also noteworthy is that the UTWC executive contacted the Deputy Minister the following July concerning the addresses of all former employees still serving with the Canadian armed forces, with the intention of forwarding the contract and related information to them. (UTWC, Minutes, 15 July 1945, p. 9.) As for first-time employees, applicants for positions

in the plant, the local secretary of the Canadian Legion was advised that Athe System employs men on the basis of merit and ability with preference to veterans.@ (SGT, Board Minutes, 1947, minutes 47; 1948, minutes 211, 224.)

106.Quoted in ATelephone Union Signs Agreement,@ Saskatchewan Commonwealth, Regina, 2 May 1945.

107.UTWC, CCL, Union Agreement, 1945-1946, Article 2, p. 1.

108.All new employees of the department were required to apply for union membership within thirty days of their date of hire, and to maintain it throughout their employment. (Ibid., Article 3, p. 2.)

109.ATelephone Unions Signs Agreement,@ Saskatchewan Commonwealth, Regina, 2 May 1945.

110.Quoted in ibid.

111.Quoted in ibid.

112.UTWC, Minutes, 20-1 October 1945, p. 10; 6-9 April 1946, p. 28; 1-2 June 1946, p. 33; 12-13 April 1947, p. 93.

113.Ibid., 12 June 1946, p. 34; 29-30 June 1946, p. 39; 8 September 1946, p. 42; 12-13 April 1947, p. 93. The UTWC signed a two-year lease for the office in May. (Ibid., 17-18 May 1947, p. 95.)

114.Ibid., 15 September 1946, p. 98.

115.Ibid., 22 January 1948, p. 136. The minutes are silent, however, as to whether this move ever took place.

116.Ibid., 20-1 October 1945, p. 11.

117.Ibid., 6-9 April 1946, p. 27.

118.Ibid., 20-1 October 1945, p. 11; 6-9 April 1946, p. 27.

119.Ibid., 17-18 January 1948, p. 132.

120.AFinancial Report,@ ibid., 1947, p. 75. This represented an average monthly expenditure of $1,917.77. These sums included money spent on funeral wreaths (not to exceed $15 in value) sent to bereaved families on the death of union members of good standing. (Ibid., 1-2 June 1946, p. 35.)

121.The average monthly expenditure for 1947 was approximately $1,300.24.

122.Ibid., 14-16 December 1946, p. 59.

123.Ibid., 9 January 1947, p. 65.

124.Ibid., 15 July 1945, p. 11.

125.Ibid., 22 November 1946, p. 55; 15 September 1946, p. 48; 14-15 December 1946, pp. 58, 62; 9 January 1947, p. 64; 21-23 February 1947, p. 79; 8-9 March 1947, p. 80; 9-10 April 1947, p. 110. Members could not obtain personal copies of the crest independently from ACrest Craft,@ however. The stencil was held by the Central Executive Council, through which all orders were to come. Samples would then be sent to the various union locals and shop stewards around the province.

126.Ibid., 26-7 October 1946, p. 54.

127.Ibid., 1-2 June 1946, p. 36; 15 September 1946, p. 48.

128.Ibid., 9 January 1947, p. 64; 21-3 February 1947, p. 78. Eventually, in January 1948, Elma Hannah was appointed as chief editor of the newsletter. (Ibid., 22 January 1948, p. 135.)

129.Ibid., 9-10 August 1947, p. 112.

130.Ibid., 8-9 March 1947, p. 23.

131.Ibid., 27-8 September 1947, p. 120.

132.Ibid., 21-3 February 1947, p. 77.

133.Ibid., pp. 77-8.

134.Ibid., 8-9 March 1947, p. 81.

135.Ibid., p. 82.

136.Ibid., 17-8 May 1949, p. 102.

137.Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

138.In May 1947, for example, the union expressed concern over the current department seniority rosters, which had been compiled using a method different from that agreed upon previously, and requested an explanation for the change. (Ibid., 17-18 May 1947, p. 99.) This information was to be sent to shop stewards throughout the system. (See ibid., 20-1 October 1945, p. 15.)

139.In July 1945, shortly after the signing of the first contract, union representatives met with the department with respect to contract reinterpretations having to do specifically with the disposition of grievances to date and the proper procedures to be followed in future. The two sides agreed that all grievances were to be discussed with shop stewards after working hours. But wherever possible, the disposition of grievances between management and the union was to be discussed during the regular business day. (Ibid., 15 July 1945, p. 10.)

140.In December 1945, the union requested a definite interpretation of department policy with respect to postings of senior operator vacancies. Its particular concern in this matter had to do with transfers of senior operating staff from higher-rated exchanges to lower-rated ones, which also meant a reduction in wages. (Ibid., 1-2 December 1945, p. 20.) To prevent employees from being penalized unfairly in this manner, the union contended Athat operators with over twelve months= service in a higher rate office should not be transferred to a lower rate office.@ (Ibid., 20-1 October 1945, p. 14.)

141.Ibid., 15 July 1945, p. 10. For a similar list of priorities, see ibid., December 1945, p. 19.

142.Although few details are available, there was concern in the various locals over the provisions of the holiday rotation plan included in the current collective agreement. Although the issue was raised repeatedly, discussion over the modifications proposed by the union was still unresolved in 1947. (See ibid., 29-30 June 1946, p. 39; 8 September 1946, p. 42; 26-7 October 1946, p. 54; 17-18 May 1947, p. 99.) One item in this regard was the subject of pay cheques in advance of vacation periods, which was to be raised at subsequent contract negotiations with the department. (Ibid., 9-10 August 1947, p. 113; 27-8 September 1947, p. 115.)

143.Specifically, the union wanted to be advised of the classification and current salary rates of all returning armed forces personnel. For it believed that these persons should be treated as new employees for the purposes of the seniority rosters, as opposed to employees of long service. (Ibid., 1-2 December 1945, p. 18.)

144.This related specifically to the classification of all new employees, of which the union requested notification. (Ibid., 20-1 October 1945, p. 14.) At the same time, the Central Executive wanted to know what training schemes the department had planned for apprentices. (Ibid., 1-2 December 1945, p. 20.)

145.Two items were of early interest. One was the question of overtime pay for employees who, because of their classification, were excluded from the provisions contained in the contract. (Ibid., 1-2 December 1945, p. 20.) The other was the desire to have pay cheques issued on the 1st and 16th of every month. Although this was provided for under the terms of the 1945 agreement, it appears there were logistical complications in mailing the cheques on time. (Ibid., 20-1 October 1945, p. 14; 1-2 December 1945, p. 20.)

146.Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

147.Ibid., 29-30 June 1946, p. 38.

148.Ibid., p. 41, 8 September 1946, p. 44. A letter, dated 2 July, accompanied the proposals and requested a firm date for the talks.

149.Ibid., 8 September 1946, p. 44; 15 September 1946, p. 48. In the meantime, 1,500 copies of the proposals had been printed in booklet form for general distribution.

150.Ibid., 20-1 October 1945, pp. 13, 14. Related to the issue of vacancies was that of Atemporary@ or Aacting@ staff. As there was no provision in the 1945 collective agreement for placing personnel in positions temporarily, resolved the UTWC, no such action should be taken and all job vacancies should be properly posted. (Ibid., p. 15.) But because there were employees who currently fell within this category, notwithstanding the union=s motion, the Central Executive requested a list of their names. (Ibid., 1-2 December 1945, p. 20.) Only in one area was the UTWC willing to bend on this matter. When it learned that a railroad pensioner had been hired at the department warehouse on a temporary basis, the union argued that all such positions be reserved for retired telephone employees without pensions in preference to outsiders. (Ibid., 9-10 August 1947, p. 114; 27-8 September 1947, p. 115.) The Board agreed. In 1948, it resolved that Athe System shall, where any temporary vacancy appears in positions of night watchman, or other light work, give preference to retired employees of the system who apply for and are capable of filling such positions, such policy to have a retroactive effect.@ (SGT, Board Minutes, 1948, minute 94.)

151.UTWC, Minutes, 8 September 1946, p. 43. Two years later, however, a partial response was made when, Ain accordance with the Union=s request, the System agree in principle to consider all applications by Union members for lateral transfers, subject to certain provisions to protect the Company=s interests, primarily those involving a disturbance of the Company=s services or unwarranted additional expenses.@ (SGT, Board Minutes, 1948, minute 93.)

152.SGT, Board Minutes, 1954, minute 164.

153.Ibid., 1963, minute 85. A similar grievance registered at the same time concerned three operators at the Outlook exchange who had been scheduled to work for six days during the 1 July and Labour-Day weekends the same year.

154.UTWC, Minutes, 15 September 1946, p. 47.

155.Ibid., 1-2 June 1946, p. 34; 12-3 April 1947, p. 94; 17-8 May 1947, p. 97.

156.SGT, Board Minutes, 1960, minutes 2, 279.

157.ABrief on Grievances Concerning Appointment to Position of Exchange Supervisor, Saskatoon Vacancy Posting P.73/53 for Arbitration Proceedings Feb. 19, 1954,@ Arbitration Report on Appointment of Exchange Supervisor, Saskatoon, Between Communications Workers of America (CIO-CLL) and Saskatchewan Government Telephones, 19-20 February 1954 (Regina: 1954) pp. 1-2.

158.Gillis McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

159.ABrief on Grievances Concerning Appointment to Position of Exchange Supervisor, Saskatoon Vacancy Posting P.73/53 for Arbitration Proceedings Feb. 19, 1954,@ p. 2.

160.Ibid., pp. 3-4.

161.Ibid., p. 3. See also S.R. Muirhead=s letter of 9 November 1953, quoted in full in the transcripts of the grievance hearing (p. 30).

162.Hearing transcripts, ibid., p. 25.

163.Hearing transcripts, ibid., p. 26.

164.Hearing transcripts, ibid., pp. 93-4.

165.Arbitrator=s Report, ibid., p. 1.

166.Arbitrator=s Report, ibid., p. 2.

167.Arbitrator=s Report, ibid., p. 2.

168.Arbitrator=s Report, ibid., p. 10.

169.Arbitrator=s Report, ibid., p. 11.

170.Gillis McCormick, interviewed by the author, 14 August 2002; Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

171.Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

172.Ibid. Adds Wyatt, the seniority vs. ability argument has been applied less often since the late 1970s and early 1980s, owing to changes in hiring and employment policies. Affirmative action has replaced many of them, for example, in determining eligibility for promotion within SaskTel, as new relations have been developed for specific groups.

173.SGT, Board Minutes, 1951, minute 168.

174.Ibid., 1952, minutes 144, 175.

175.Ibid., 1953, minute 212.

176.Ibid., 1954, minutes 183, 214.

177.Ibid., 1956, minutes 25, 57.

178.Ibid., 1961-62, minutes 4, 13, 26, 140, 161, 183.

179.Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

180.Ibid.

181.Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

182.Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

183.SGT, Board Minutes, 1961, minute 34.

184.This policy was begun in 1952 to reduce the number of system-owned vehicles and their maintenance expenses. Although management seemed to benefit mostly from the plan, seeing that the cars were often sold to staff members to whom they had been assigned, there is no indication that plant employees were excluded. Sales were based on a minimum down payment in cash of a third of the asking price, plus interest secured by a chattel mortgage company and repayable over a period of two years. The full value and residual amount would be payable immediately, of course, if the purchaser left his job with SGT. (Ibid., 1953, minute 168; 1961, minute 171.) At the same time, the Board authorized a provision in Schedule A of the 1952 collective agreement, whereby the corporation would assist employees to purchase automobiles to be used on government service. (Ibid., 1952, minute 91; ASchedule A: Automobile Purchase Assistance Plan,@ 1952, minute 101.) Already, there were terms in place granting fixed monthly allowances based on mileage for employees who regularly used private vehicles on SGT business. For those who required a car only occasionally in this regard, the System rented vehicles from a local AU-drive@ business. (Ibid., 1950, minute 17; 1952, minute 39; minute 1963, minute 87; see also ASchedule B,@ 1963.)

185.Ibid., 1965, minute 80. Although not included in the union contract, half the local base rate was granted as a concession to all employees having at least ten years= service with the corporation, and to all superannuated employees or their widows residing in Saskatchewan, but excluding employees taking deferred superannuation allowances. The same concession applied to out-of-scope personnel, as well as to retirees with at least ten years= service with SGT, but who collected no superannuation benefits. This was a partial reversal of the Board=s earlier policy that no free telephones were to be granted to retired staff, as the UTWC had wanted. (Ibid., 1950, minute 69.)

186.See ibid., 1948, minutes 42, 141.

187.Ibid., 1950, minute 280. At first, management contributed fifty cents per head toward expenses, but this was increased to $1 in 1959. (Ibid., 1959, minute 280.) Five years later, in 1964, this yearly contribution became an official part of SGT policy. (Ibid., 1964, minutes, 198.)

188.Ibid., 1955, minutes 24, 130, 177. Approximately 325 persons were honoured at the first banquets, all of which were scheduled for Friday, 14 October 1955.

189.Ibid., 1955, minute 24.

190.UTWC, Minutes, 8-9 March 1947, p. 85.

191.SGT, Board Minutes, 1947, minute 36.

192.Ibid., 1947, minute 47; 1948, minute 58.

193.Ibid., 1964, minutes 32, 44. Indeed, by 1965 when the Liberals were back in power in the province under W. Ross Thatcher, SGT=s General Manager stated explicitly for the record that Ait was usual for the corporation to make an annual grant to the Telephone Pioneers, Saskatchewan chapter,@ perhaps to ensure that the contributions continued under the new government. (Ibid., 1965, minute 66.) Probably for the same reason, the Liberals= new Minister of Telephones was invited to the Pioneers= annual banquet on 8 May to participate in presenting the twenty-five year awards. (Ibid., 1965, minute 77.) Incidentally, the first donation by SGT to reach $1,000 was granted in 1971 in honour of the association=s diamond jubilee anniversary. (Ibid., 1971, minute 22.)

194.Ibid., 1950, minute 249. By this time, SGT=s contribution was based on approximately $1 for each employee who was also a member of the Pioneers. (Ibid., minute 241.)

195.Ibid., 1983, minute 32.

196.Ibid., 1950, minute 39.

197.Ibid., 1962, minute 38.

198.UTWC, Minutes, 20-1 October 1945, p. 15.

199.Ibid., 15 July 1945, p. 9.

200.Ibid., 22 November 1946, p. 57.

201.Ibid., 6-9 April 1946, p. 30.

202.Ibid., 26-7 October 1946, pp. 52-3; 22 November 1946, p. 57.

203.See, for example, ibid., 18 July 1945, p. 8; 6-9 April 1946, p. 29.

204.See, for example, ibid., 15 July 1945, p. 9; 18 September 1946, p. 47; 13-14 December 1946, pp. 126-27. Saskatchewan delegates to the CCL convention were allowed a per diem of $10 for thirteen days in 1946, though this was reduced to $5 while they were still traveling aboard the train to and from the conference. In 1948, the monthly per-capita dues per member for affiliation with the CCL were increased to seventy-five cents.

205.In April 1946, for example, the UTWC asked for copies of the union contract between labour and Alberta Government Telephones. In September, it made a similar request of the FTWBC. (Ibid., 6-9 April 1946, p. 29; 8 September 1946, pp. 44-5.) The UTWC reciprocated in kind. (Ibid., 26-7 October 1946, p. 51.) It also received copies of the collective agreement between the Traffic Employees= Association and the Bell Telephone Company of Quebec and Ontario in September 1947. (Ibid., 27-8 September 1947, p. 119.)

206.Ibid., 8 September 1946, p. 45.

207.Ibid., 6-9 April 1946, p. 30.

208.In 1947, for example, the striking workers of the UPWA, Local 343, at Melville, Sask., were given two donations of $100 each. (Ibid., 9-10 August 1947, p. 113; 27-8 September 1947, p. 116.) By contrast, the Prince Albert Wood Workers= Union was to be given only $25, provided that its strike was endorsed by the CCL. (Ibid., 14-6 December 1946, p. 62.) On some occasions, however, the amount of monetary support given was left to the decision of the individual locals of the UTWC. (See, for example, ibid., 20-1 October 1945, p. 15.)

209.Ibid., 14-6 December 1946, p. 61; 9 June 1947, p. 67; 21-3 February 1947, p. 75; 8-9 March 1947, p. 86; 12-3 April 1947, p. 88.

210.Ibid., 26-7 October 1946, p. 53; 22 November 1946, p. 56; 14-6 December 1946, pp. 60-1.

211.Ibid., 14-6 December 1946, p. 61.

212.This was explained in a letter to Pat Conroy, secretary-treasurer of the CCL. (Ibid., 9 January 1947, p. 67.)

213.Ibid., 6-9 April 1946, p. 30.

214.Ibid., p. 31. AThe expenses of [each] sub-local would be separate from that [sic] of the Local to which they are affiliated,@ continued the minutes, Abut be part of the Local expenses@ for general administrative purposes.

215.Ibid., 21-3 February 1947, p. 76; 17-8 May 1947, p. 100.

216.Deemed by the national body to be best qualified to know the labour situation in Manitoba, the Saskatchewan union was asked to delegate two persons on a fact-finding mission to collect data on the numbers of personnel engaged by the Manitoba system at each locality, their breakdown into the various categories of employees, their current wages and working conditions. Elma Hannah and John Lax were selected for this task. Their expenses were shared between the UTWC and the CCL. (See ibid., 8-9 March 1947, p. 84; 12-3 April 1947, pp. 88-9; 7-8 June 1947, p. 105.) The survey, begun in April or May, was completed by August.

217.Ibid. 27-8 September 1947, p. 116; Ontario Federation of Labour, Yearbook 1982, p. 49. Four years later, the Northern Telephone employees of northern Ontario also organized, forming Local 6 of the telephone union.

218.UTWC, Minutes, 6-9 April 1946, p. 31.

219.Ibid., 21-3 February 1947, p. 78.

220.Ibid., p. 76.

221.Ibid., 12-3 April 1947, p. 89. Conroy=s letter, dated 21 February 1947, was addressed to C.G. Palmer.

222.Ibid., p. 88.

223.Ibid.,p. 94.

224.Ibid., 7-8 June 1947, p. 106.

225.Ibid., 9-10 August 1947, pp. 109-10.

226.Ibid., p. 112.

227.Ibid., 27-8 September 1947, p. 119. For Hannah=s other appointments, see ibid., 9 January 1947, p. 64; 22 January 1948, p. 135.

228.Ibid., 18-20 October 1947, p. 125.

229.Ibid., p. 124.

230.Ibid., 13-4 December 1947, pp. 127, 130-31; 17-8 January 1948, p. 134.

231. Ontario Federation of Labour, Yearbook 1982, p. 49. See also the History of the CWC: Revised February 1984, p. 1.

232. Gillis McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

233. See, for example: Ontario Federation of Labour, Yearbook 1982, p. 49; History of the CWC, pp. 1-3. The CLC was founded in April 1956 when, after passing motions to unify almost every year for a decade and a half, the TCL and the CCL finally merged into a single national body that represented over a million union members. Already, conditions during the Second World War had brought the two groups together in campaigns to lobby governments on labour issues. But not until the older TCL softened is position on the thorny question of industrial unionism (represented by the CIO) was the path opened to a possible merger. In 1953, a Aunity committee@ composed of leaders from both organizations began negotiations. Similar discussions occurred in the United States that resulted in a merger between the American Federation of Labour and the CIO, which established the AFL-CIO. In March 1955, talks in Canada reached a similar conclusion. On 23 April 1956, 1,620 CCL and TLC delegates met in Toronto to launch the Canadian Labour Congress, which significantly strengthened the position of labour in Canada.

234. History of the CWC, p. 2.

235. Ibid., pp. 2-3; Ontario Federation of Labour, Yearbook 1982, p. 49. For some of these events, see also Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

236. This goal was accomplished in cooperation with two internal organizations of the Bell Company, name Exodus in Ontario and the Bloc-Action in Quebec. Both were committed to replacing the company-dominated Canadian Telephone Employees= Association with a legitimate trade union. (History of the CWC, p. 3; Ontario Federation of Labour, Yearbook 1982, p. 49.)

237. Ibid., p. 50.

Endnotes to Chapter 13

1. SGT, Annual Report, 1951, p. 1.
2. It should be noted that the number of stations and the number of telephones in service do not always amount to the same thing. In the early days, the two were synonymous, Astation@ referring also to the subscriber=s single telephone connection. Later, however, two or more telephones could be connected to the same station. So the numbers here can be misleading, because the annual reports later in the century failed to make the appropriate distinction.
3. Ibid., pp. 1-2. See also AFifty Years in Retrospect,@ ibid., 1958, pp. 13-16.
4. SGT, Annual Report, 1959, p. 1; 1960, p. 1.
5. Ibid., 1951, p. 1; 1960, p. 1.
6. Ibid., 1951, p. 1; 1960, p. 1.
7. Ibid., 1952, p. 1; 1960, p. 1.
8. Ibid., 1960, p. 1.
9. Shackleton, p. 145. The power corporation was valued at $314 million.
10. For the details of telephone development in Saskatchewan during the decade, see SGT=s annual reports for the 1950s, inclusive. Muirhead was succeeded as General Manager by S.B. Medhurst.
11. SGT, Annual Report, 1964, p. 3. Compare this figure with the 1959 total of 172,769 telephones. (Ibid., 1959, p. 1.) By 1962, when SGT installed its 200,000th set, the number connected to the provincial system had doubled in fewer than ten years. (Ibid., 1962, p. 1.) The 1:4 ratio is calculated on the basis of the 1966 census, which gave Saskatchewan=s total population as 955,344. By that time, the number of telephones had increased to 265,765, thus changing the ratio to 1:3.5. (Ibid., 1966, p. 1.) See also Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, p. 4.
12. SGT, Annual, 1964, p. 3; Dept. of Telephones, Annual Report, 1964, p. 1. The remainder were privately owned firms not incorporated under the original legislation. Rural telephone figures appear to vary between the two reports, however. That for SGT states only the number of farmers= systems connected to government exchanges, as well as the forty-four that provided local switching. Nowhere does it give the total number of rural companies. The Department of Telephones, on the other hand, gives the total in 1964 as 956, but states that 905 of these were connected to SGT exchanges. When these separate sets of figures are calculated, either as few as seven or as many as eighteen privately owned local plants account for the remainder, depending upon the report.
13. SGT, Annual Report, 1964, p. 3. Mobile-telephone service was especially important for Saskatchewan=s growing oil and trucking industries.
14. Ibid., 1959, p. 1.
15. Spafford, p. 123.
16. Ibid., pp. 123-24.
17. Archer, p. 277.
18. Ibid..
19. Ibid., p. 281.
20. Ibid., pp. 282-83.
21. Ibid., p. 283.
22. Ibid., pp. 283, 299.
23. Ross Thatcher had an interesting political career to date. In the beginning, he had represented Moose Jaw as an MP in Ottawa for the CCF from 1945 to 1955. Having become steadily disenchanted with the socialistic and trade-union aspects of the party=s platform, however, he resigned to sit as an independent in 1955, before joining the Liberals in the 1957 and 1958 federal elections. As Saskatchewan=s leader of the Opposition starting in 1959, he rejected Douglas= policy on Crown corporations and was bitterly opposed to dogmatic socialism. Hence his split with the CCF. Yet he was astute enough to borrow workable policies from his former associates, even while moving his party more clearly to the political right of centre.
24. Archer, pp. 305-14.
25. Ibid., p. 314.

26. Harding, p. 286.
27. Archer, p. 314.
28. Ibid., pp. 316-17.
29. Ibid., p. 318. Or as Dennis Gruending put it in very partisan, even hostile terms, Thatcher Athought he had received a special mission from Providence to declare Holy War upon socialism and wipe it out in its Canadian birthplace....He believed that what he called socialism, CCF style, led to economic stagnation and big government.@ (Gruending, Promises to Keep: A Political Biography of Allan Blakeney (Saskatoon: 1990) p. 49.)
30. Quoted in Crown Investment Corporation of Saskatchewan, Public Enterprise in Saskatchewan, p. 5.
31. Ibid.. See also Gruending, p. 49. These criteria were outlined in the same budget speech of 25 February 1966.
32. Knubley, p. 127.
33. Crown Investment Corporation of Saskatchewan, Public Enterprise in Saskatchewan, p. 11. As Leonard Waverman similarly points out, the Areduction in the role of the [Government Finance Office] left room for potential increases in the independence of the Corporation Boards. However, there was not at the time a government policy environment that would lead to a more significant role for Crown Corporations generally or for individual corporations, and so the Boards appeared not to have adopted an aggressive stance nor to have tested their possible independence.@ (Waverman, p. 71.)
34. Eager, p. 152.
35. Harding, pp. 281, 286. The first period (1945-1964) occurred, of course, under CCF rule. The second period lasted during the Liberals= term in office, from 1964 to 1971. Although three Crowns were sold by the new administration, three more were created in their place. In fact, when Thatcher was voted out of power in 1971, he left behind thirteen Crown corporations; when he first entered office, there were fourteen. (Crown Investment Corporation of Saskatchewan, Public Enterprise in Saskatchewan, pp. 5, 11.)
36. Grant served twice in this capacity under Thatcher, from 1964-65 and again from 1970-71. A.C. Cameron was minister during the interim years of 1965-70.
37. For these various statistics, see: SGT, Annual Report, 1964, pp. 1-3; 1965, p. 6; SaskTel, Annual Report, 1971, p. 1. These figures represent an average increase per year of: 13,976 new telephones; $1.5 million in long-distance revenues; $1.1 million in net income after interest; and $12.1 million in the value of the provincial telephone asset.
38. Spafford, pp. 93, 94.
39. Ibid., pp. 96, 103. The Annual Report for the year also announced that certain items formerly charged to depreciation were to be charged thereafter to maintenance, in order Ato bring our accounting system into line with that followed by other major telephone companies in Canada. This was highly desirable because of certain problems in the Trans-Canada Telephone System concerning revenue distribution and other matters.@ (SGT, Annual Report, 1957, p. 8.)
40. Star Phoenix, Saskatoon, 7 October 1960.
41. Spafford, p. 104. The dividend policy was introduced in 1957. At that time, $2 million were paid to the provincial treasury. (SGT, Board Minutes, 1957, minute 189.)
42. SGT, Annual Report, 1966, p. 1; SGT, Board Minutes, 1966, minute 30.
43. SaskTel, Annual Report, 1971, p. 1; SaskTel, Board Minutes, 1972, minute 6. In fact, the dividend grew on average by $510,000 per year. The amount remitted to the treasury in 1967 was $4.15 million; in 1968, $4.3 million; in 1968, $5.4 million; and in 1970, $5.85 million.
44. Eventually, in 1978 the Board discussed the System=s growing debt load and the concurrent increase in interest charges, proposing that it limit the amount of dividend paid to the province. The suggestion was made to specify the sum rather than simply follow the customary practice of contributing fifty percent of the corporation=s net revenues. But the Board decided to carry on, as usual, agreeing that Athe dividend, in its present form, should be regarded as an appropriate return to the people of Saskatchewan on their investment in the Corporation.@ (SaskTel, Board Minutes, 1978, minute 98.)

45. SGT, Annual Report, 1967, p. 1. It is a minor point, perhaps, but because DDD was considered to be so important to the plant=s progress, ceremonies were held at each locale when the cut-over to the new technology was made officially. Such festivities accompanied the event, for example, at Estevan, Weyburn, Melfort and North Battleford, to name just four. (SGT, Board Minutes, 1967, minutes 48, 91, 115.)
46. The same year, directory information was provided for North America at the universal number of 555-1212, making long-distance easier to dial than ever before. Also introduced in Saskatchewan in 1965 was Wide Area Telephone Service (WATS), defined as Aa rating option which extends the customer=s flat rate calling range to telephones within seven progressively wider areas, the largest of which includes the whole of Canada.@
47. SGT, Annual Report, 1967, p. 1; SGT, Board Minutes, 1965, minute 188.
48. SaskTel, Annual Report, 1971, p. 1. Calls on this system were switched to the regular provincial network by an operator at a base station in Prince Albert.
49. SGT, Annual Report, 1968, p. 1.
50. SaskTel, Annual Report, 1970, p. 1. Though a minor point of interest, facilities were installed the same year to enable direct long-distance dialing to Hawaii.
51. SGT, Annual Report, 1967, p. 1; SaskTel, Annual Report, 1969, p. 1.
52. SGT, Annual Report, 1965, p. 1; 1967, p. 1.
53. SaskTel, Annual Report, 1969, p. 1.
54. SGT, Annual Report, 1968, p. 2.
55. Ibid., 1966, p. 1; SaskTel, Annual Report, 1970, p. 1; 1971, p. 1.
56. SGT, Annual Report, 1967, p. 7 (emphasis mine).
57. Schedule A, Public Relations Policy for Crown Corporations, SGT, Board Minutes, 1958, n.p.
58. SGT, Board Minutes, 1959, minute 277. See also ibid., 1960, minute 194; 1963, minutes 137, 145, 153; 1965, minute 204. SGT=s support was intended to match the voluntary contributions by employees.
59. Ibid., 1966, minute 143; 1967, minute 105; 1969, minute 100; 1970, minute 98; 1971, minute 82.
60. Ibid., 1959, minute 159.
61. SaskTel, Board Minutes, 1979, minute 11; 1981, minute 51; 1982, minute 4(d).
62. In 1958, SGT purchased 2,000 shares at a dollar each as part of the initial financial arrangement for the building of the Saskatchewan Civil Service and Community Co-operative Curling Association, Ltd., which later changed its name to the less cumbersome ATartan Curling Club@. (SGT, Board Minutes, 1958, minute 102.) Then in 1960, the corporation further authorized a yearly expenditure of up to $150 for curling prizes in support of the organization. (Ibid., 1960, minute 34.) Finally, SaskTel donated its shares back to the club in 1979. (SaskTel, Board Minutes, 1979, minute 32.)
63. In 1969, SaskTel donated %500 to the Saskatchewan Association of Rural Telephones. Subsequent contributions in 1973, 1974 and 1976 were increased to $600. (SaskTel, Board Minutes, 1969, minute 128; 1973, minute 89; 1975, minute 84; 1976, minute 80.)
64. SGT, Board Minutes, 1964, minute 115.
65. Ibid., 1968, minute 30. The award was probably recommended as part of the corporation=s Diamond Jubilee festivities. Although it is a minor point, these were celebrated at a luncheon, in part, to commemorate the sixtieth anniversary of the public telephone system in Saskatchewan. Attending the meal were General Manager G.D. McCormick, Minister of Telephones and Chairman of SaskTel A.C. Cameron, and W.J. Patterson, who had been an employee of the System in 1912, before becoming in succession Minister of Telephones, Premier, Lieutenant-Governor and, finally, a director on the corporation=s Board. Congratulations were extended on this occasion to all current employees, superannuates and their families, for their contribution to the success of SaskTel during six decades of service to the province. (Ibid., minutes 37, 60, 64.)
66. SaskTel, Annual Report, 1970, p. 1; SaskTel, Board Minutes, 1970, minute 85.
67. SaskTel, Annual Report, 1969, minute 51. Later examples include the corporation=s sponsorship of such events as the Western Canada Summer Games (hosted by Saskatoon in 1979), the ACelebrate Saskatchewan@ project of 1980 (for which SaskTel provided a traveling historical exhibit) and a communications technology conference and exposition called AExpotech@ (held at Regina in 1982). See: ibid., 1979, minutes 50, 104; 1981, minute 104.

68. SGT, Board Minutes, 1964, minutes 42, 96, 122; 1965, minute 28. Such fairs were separated into Class A and Class B events, depending on their size and renown. Floats for Class A fairs were budgeted at $1,400 per year, and those for Class B fairs at $800. A scheme was also worked out whereby two floats were built for smaller events and then alternated from year to year so that they never appeared twice at the same place. New ones were substituted as needed.
69. Already by 1964 the Board noted that SGT faced competition from the railways and other independents in certain areas of the communications business; hence the need to advertise. (Ibid., 1964, minute 103.) It is perhaps noteworthy, as well, that as part of the corporation=s public relations strategy, the directors considered a corporate contribution of $1,000 to the Regina Press Club. (SaskTel, Board Minutes, 1981, minute 34.)
70. SGT, Board Minutes, 1963, minutes 74, 88; 1964, minute 104; SaskTel, Board Minutes, minute 34.
71. SGT, Board Minutes, 1960, minutes 15, 25.
72. SaskTel, Board Minutes, 1969, minute 9.
73. SGT, Annual Report, 1965, p. 7; 1967, p. 1.
74. SGT, Board Minutes, 1964, minutes 103, 111.
75. Ibid., minute 103.
76. Ibid., 1965, minute 174.
77. The member companies of the TCTS owned half the equity of Telest, while Ottawa owned the other half. SaskTel=s share was $1 million out of $30 million. (SaskTel, Board Minutes, 1976, minute 43, Appendix B.)
78. SaskTel, Annual Report, 1969, p. 5. See also, ibid., 1970, p. 1; 1971, p. 1.
79. None of these first-generation satellites is in active use any longer. AAnik A3@ was the last of the three to be retired, on 21 November 1984, after almost nine-and-a-half years of continuous service.
80. SaskTel, Annual Report, 1970, p. 1.
81. SaskTel, AThe Communications Challenge,@ 1979, n.p.
82. SaskTel, Annual Report, 1971, p. 7. ACoaxial@ means Aon a central axis.@ Coaxial carrier systems use a single copper conductor (for each direction of transmission) centred in a copper tube enclosed in a lead sheath cable. Slotted circular rubber discs spaced at intervals along the copper wire provide the only insulation between the conductor and the copper tube located concentrically around it. Essentially, therefore, a Acoaxial pair@ (as the conductor and tube are called) constitute a circuit within a circuit. Coaxial cables generally consist of several pairs of coaxial units within a number of paper insulated paired conductors to fill the space around the individual pairs. AThis type of transmission line has two advantages over ordinary transmission circuits, viz: (1) it has lower attenuation [i.e., reduction in power level due to line resistance, leakages, induction, etc.] and (2) the copper tube surrounding the central conductor acts as a shield and confines the electrostatic and electromagnetic fields within the coaxial unit, thus minimizing the crosstalk problem when other circuits are carried on the same cable.@ (Handbook for Telephone Mangers and Engineers, II, pp. 371-72.) For these reasons, the coaxial carrier system was adapted subsequently for cable television transmission, too.
83. SaskTel, Annual Report, 1972, p. 1.
84. SaskTel, Board Minutes, 1973, minute 23. Digital technology, first developed in the 1960s and later applied to fibre optics in the late 1970s, allows telephone users to hear the highest possible quality reproduction of the human voice. Digital signals are free from distortion, because sound is converted into bits of computer data before transmission, providing both higher quality and swifter reproduction at the other end of the line. This is vastly superior to the old analog process, by which the voice was converted into a continuous electronic signal easily contaminated by noise and distortion as it proceeded through the system. Hence, the adoption of digital, and subsequently fibre optics, technology by SaskTel.
85. Ibid., 1969, p. 1. See also, ibid., 1970, p. 1; 1971, p. 1. Although the commission was supposed to produce a White Paper on the issue by 1970, the task took longer than expected.
86. Ibid., 1976, p. 5; SGT, Board Minutes, 1964, minutes 9, 19, 40, 154; 1966, minutes 10, 33, 141
87. SGT, Annual Report, 1966, p. 1.
88. SaskTel, Annual Report, 1970, p. 1.

89. Ibid., 1971, p. 1.
90. Dept. of Telephones, Annual Report, 1969, p. 4.
91. Ibid., p. 5. This clerical service was available to any rural telephone company that applied for it.
92. Ibid., p. 4; 1973, p. 5.
93. Ibid..
94. According to the department=s annual reports for the decade, 114 rural companies merged or were purchased by the provincial system, representing an average reduction of fourteen per year. The number of subscribers to these farm systems likewise declined, as more and more rural residents were connected directly to the government-owned plant.
95. Dept. of Telephones, Annual Report, 1969, p. 5.
96. Ibid..
97. SaskTel, Annual Report, 1969, p. 1. This was accommodated by the construction of two switch centres in Saskatoon and Regina earlier in 1965, specifically to handle increased traffic over the provincial long-distance network. (SGT, Annual Report, 1965, p. 1.)
98. SGT, Board Minutes, 1966, minute 163.
99. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
100. SGT, Annual Report, 1966, p. 1.
101. SaskTel, Annual Report, 1969, p. 1.
102. Archer, pp. 326-31, 335.
103. Richards and Pratt, p. viii.
104. Jocelyn Praud and Sarah McQuarrie, AThe Saskatchewan CCF-NDP from the Regina Manifesto to the Romanow Years,@ in Saskatchewan Politics: Into the Twenty-First Century, ed., Howard A. Leeson (Regina: 2001) p. 151.
105. Archer, p. 334.
106. Byers served twice as Minister of Telephones and chairman of SaskTel: 1971-72, 1975-82. John E. Brockelbank briefly assumed both responsibilities from 1972 to 1975.
107. Eager, pp. 151-52.
108. SaskTel, Annual Report, 1970, p. 1.
109. Harding, p. 287.
110. SaskTel, Annual Report, 1974, p. 3.
111. Ibid., p. 1. In fact, ninety-nine percent of subscribers already enjoyed this service by 1973. (Ibid., 1973, p. 2.)
112. Ibid., 1972, p. 1; 1975, p. 4. Among these communities were Black Lake, Canoe Narrows, Dillon, Font-du-Lac, Missinipe, Sandy Bay, Southend, Stanley Settlement, Sturgeon Landing and Turnor Lake.
113. Ibid., 1973, p. 2; 1974, p. 1. The work on the two microwave systems began in 1972 and finished in 1974, the same year that the dial-conversion and DDD programmes were completed.
114. Ibid., 1974, p. 5; SaskTel, Board Minutes, 1974, minute 4. Saskatoon=s electronic switching system cut into service in July 1974, having taken six months to install. Initially, 8,400 lines were connected, though the equipment had the capacity for over 15,000 lines. Similar systems were installed at Regina and Prince Albert the following year, and at Moose Jaw, Yorkton, Pelican Narrows, Sandy Bay and Uranium City the year after that. (Ibid., 1975, pp. 1, 4; 1976, p. 5; Hluchaniuk, p. 121.) By 1977 nine electronic switching systems were operating in the province. (SaskTel, Annual Report, 1977, p. 3.)
115. SaskTel, Annual Report, 1974, p. 3.
116. Ibid. 1979, p. 1. A second digital machine was installed at Regina the same year. This equipment was followed in May 1980 by the installation of the province=s first digital toll switch, also at Regina, and a local digital switch at Saskatoon later in June. In fact, because digital switching had proved to be Aeconomically feasible@ and to Aresult in improved transmission quality,@ a gradual Afull modernization@ project was begun in 1979 to convert Athe existing analog voice network to a digital network capable of handling voice, video and date.@ (Ibid., 1979, p. 3.) In 1984, when SaskTel launched a second $94 million programme to replace analog electro-mechanical switch in the province with the more advanced digital technology, the centres of Estevan, Swift Current,

Weyburn and Moose Jaw were connected already to a digital switch at Regina for long-distance service.

117. Ibid., 1976, p. 3.

118. With the completion of this project, the old telephone poles still standing throughout the province became expendable. Very shortly, therefore, SaskTel=s management began to receive requests from Saskatchewan farmers for Asalvage rights@ to the poles no longer in service. Because the Crown was responsible for dismantling this equipment, its policy was to allot salvage rights on an equitable basis. Hence, the farm residents of each area within SaskTel=s territory were contacted directly, advised of the availability of poles for salvage, and informed of the number to which they were entitled. (See SaskTel, Unsigned Board Minutes, 27 April 1978, p. 5.)

119. SaskTel, Annual Report, 1976, p. 5.

120. Ibid., 1976, p. 3; SaskTel, Board Minutes, 1976, minute 37. Otherwise, the department aided rural companies, as usual, with Aamalgamations, administrative practices, the grants programme, underground construction and the necessary financial arrangements....Considerable work was also done to co-ordinate engineering of rural telephone company projects with those of SaskTel.@ (SaskTel, Annual Report, 1973, p. 5.) The programme to absorb rural telephone companies on a voluntary basis was first proposed in 1965 during the Thatcher, not the Blakeney years, however. But its implementation was stalled by the need to determine whether special legislation was required to that end, so that a bill could be composed and submitted prior to the September deadline for new Acts. Apparently, the legislation was not prepared. (SGT, Board Minutes, 1965, minute 65.)

121. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

122. Jean Freeman, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

123. SaskTel, Annual Report, 1973, p. 4. See also SaskTel, Board Minutes, 1973, minute 34.

124. Dept. of Telephones, Annual Report, 1978, p. 7.

125. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

126. Dept. of Telephones, Annual Report, 1978, p. 7. In the organizational shake-down of the Department of Telephones at this time, beneath the Minister and the General Manager of SaskTel were ten staff members: the Superintendent of Rural Telephones, the Assistant Superintendent of Rural Telephones, a secretary, four rural representatives (two based at Regina, and one each at Saskatoon and Moose Jaw), a rural records clerk and, finally, two clerical employees.

127. SaskTel, Annual Report, 1979, p. 1; Dept. of Telephones, Annual Report, 1979, p. 1. At the beginning of 1972, there were 842 rural telephone companies serving 50,887 subscribers. By year=s end, these figures had dropped to 814 and 50,611 respectively. This decline in the number of firms (as opposed to subscribers) was due to the amalgamation of forty-three companies into fifteen. (Dept. of Telephones, Annual Report, 1971, p. 1; 1972, p. 1.) Not until 1973 does one see the actual dissolution of eight rural companies assimilated with the provincial plant. Otherwise, the mergers continued that year, as nineteen farmers= firms amalgamated into nine. Together, the mergers and dissolutions account for the reduction in the number of rural companies to 796, which still served 50,478 subscribers. (Ibid., 1973, p. 1.) This tended to remain the pattern for the next three years until 1976m when the Department of Telephones reported a final merger of eight rural companies into four. In the meantime, seventy-eight firms had assimilated with the government-owned system, thus disappearing. That left a total of 704 rural companies serving 48,026 subscribers. (Ibid., 1976, p. 1.) Thus not until 1977 does one see an abrupt decrease in the number of farmers= firms absorbed into the provincial network, with a correspondingly sharp drop in the number of subscribers to these systems. The pace accelerated so quickly thereafter that SaskTel predicted in 1979 that by 1982, when its buried-cable programme was expected to finish, most if not all of the remaining rural telephone companies would be assimilated, too. (SaskTel, Annual Report, 1979, p. 2.)

128. SaskTel, Annual Report, 1982, p. 5.

129. ASaskTel=s Story: The first 75 years,@ ibid., p. 16.

130. This process of conversion from party to individual line service was first mentioned in the corporation=s annual report for 1978. (SaskTel, Annual Report, 1978, p. 1.)

131. Jean Freeman, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

132. Response to Interrogatory, Bell (CRTC) 27 April/01-605 PC, AInformation Requested by Canadian Radio-Television and Telecommunications Commission,@ Ottawa.

133. SaskTel, Annual Report, 1977, p. 3.

134. Ibid., 1978, p. 1.

135. Ibid., 1975, p. 1.

136. Ibid., 1975, p. 1; 1978, p. 1; SaskTel, Board Minutes, 1974, minute 78. It was anticipated in 1975 that if the pilot project succeeded as planned, the new system could be in operation by 1977.

137. SaskTel, Annual Report, 1978, p. 1. The other six centres were: Rosetown, Humboldt, Biggar, Kindersley, Wadena and Wynyard.

138. Ibid., 1977, p. 3.

139. Ibid., 1972, p. 1.

140. Ibid., 1978, p. 10. Also in 1977, incidentally, SaskTel installed its 500,000th telephone.

141. Headquartered at Ottawa, the corporation already had more than 125 earth-stations nation-wide by 1984, with full-time staffs at Calgary, Alta., Frobisher Bay in the Northwest Territories, Allan Park in Ontario and Harrietsfield, N.S. From the beginning of its operations, it furnished voice, image and data telecommunications to remote northern businesses; provided sea-to-shore contact for off-shore oil rigs; and broadcast live coverage of special events such as the papal visit to Canada in 1984 and the Los Angeles Olympic Games the same year.

142. SaskTel, Annual Report, 1971, p. 1; 1982, p. 16.

143. Ibid., 1972, p. 1. The rates were raised in response to the basic economic forecasts for 1973 and 1974. It was noted that although Aa great number of factors and considerations including the general economic forecasts for both Canada and Saskatchewan are involved in the preparation of@ such predictions, there appeared to be Aa high degree of relationship between the general economic conditions and the telecommunications business.@ It was anticipated that message volume and station gain would continue to grow substantially over the next two years, notwithstanding increased long-distance charges. (SaskTel, Board Minutes, 1973, minute 66.)

144. SaskTel, Annual Report, 1974, p. 5.

145. Ibid., 1982, p. 16.

146. Ibid., 1972, p. 1. This designation SaskTel aggressively defended, as in 1980 when the corporation pursued the purchase of the cable distribution plant owned by Agra Industries, in order Ato reinforce its position that the corporation be in exclusive control of all the cable distribution facilities throughout the province.@ (SaskTel, Board Minutes, 1980, minute 95.) This extended to owning all satellite earth stations in Saskatchewan to ensure its monopoly control. (Ibid., minute 35.)

147. SaskTel, Annual Report, 1975, p. 4.

148. The CRTC developed from earlier roots, starting with the Railway Act of 1903, which gave jurisdiction over rail traffic and tolls to a new administrative agency, the Board of Railway Commissioners for Canada. Because this body was independent of the Dominion cabinet, political and judicial control over the Board was maintained after 1903 by permitting appeals to the courts on questions of law or jurisdiction, while the Governor-in-Council could also disallow or change any Board order, decision or rule. In 1906 the commission was given regulatory jurisdiction, as well, over the Bell Telephone Company of Canada. Its powers were widened still further in 1938, when the Board received jurisdiction over transportation. Its name changed at the same time to the ABoard of Transport Commissioners for Canada.@ Authority over telephones and telegraphs still remained under the Railway Act, however. Otherwise, no great changes in the method of regulation for any of the fields within its jurisdiction occurred until 1967 when, following the recommendations of the MacPherson Royal Commission, the Canadian Transport Commission (CTC) was formed in order to administer the new National Transportation Act passed that year. The CTC also assumed jurisdiction over the Railway Act, which led to regulatory authority over Bell Canada, as well. That jurisdiction was exercised initially by the Railway Transport

Committee and later by the Telecommunications Committee (est. 1972) of the CTC. Nine years later, the jurisdiction over telephones and telegraph passed from the CTC to the new CRTC. As for the revised terms of the Railway Act (1967 and 1970), these were principally to prevent Aunjust discrimination@ by the carriers against customers or competitors. There was no provision in the new terms requiring economic efficiency, the provision of service at the lowest cost or an objective of Aending market failure.@ (See Waverman, pp. 41, 44.)

149. Ibid.; SaskTel, Board Minutes, 1975, minutes 50, 58. In fact, the CRTC began hearings in 1978 specifically for applications for cable television. SaskTel submitted two proposals, one that would give the corporation exclusive right to provide the service in Saskatchewan, and the other that SaskTel would own the hardware for the cable distribution system under its control. Although the second petition was rejected by the CRTC in 1976 (SaskTel, Board Minutes, 1976, minute 50), the following year the Crown corporation was approved as the principal cable TV provider for the province. By then the majority of the distribution system for the cable network had already been constructed.
150. SaskTel, Annual Report, 1976, p. 5.
151. Ibid., 1978, p. 20. This service was provided on completion of the Adistribution coaxial cable@ network.
152. Ibid., 1979, pp. 1, 11.
153. SaskTel clashed with the CRTC the same year over the related matter of data distribution systems, however. The corporation strongly opposed the federal commission=s decision to allow the Bell Canada network to interconnect with the telecommunications facilities owned by CNCP (the two national railway companies). In response to the CRTC=s explanation that such a connection would improve CNCP competitiveness in the data market, SaskTel objected that it would undermine the Crown corporation=s long-distance network, by cutting some revenue used to cross-subsidize local service. (SaskTel, Annual Report, 1979, p. 2.)
154. ACharge of the Laser Light Brigade: Bandwidth Revolutionaries,@ Globe and Mail, Toronto, 25 April 2000.
155. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
156. SaskTel, Board Minutes, 1979, minute 121.
157. Ibid., 1980, minute 138; 1981, minute 54; Hluchaniuk, p. 121; ACharge of the Laser Light Brigade,@ Globe and Mail, Toronto, 25 April 2000. The earliest connection built was a test line between Regina and Yorkton. The field trials of the circuit were slated to finish in November 1981.
158. SaskTel, Annual Report, 1982, pp. 16-17. Also in 1984, SaskTel installed its 700,000th telephone. The network reigned as the world=s largest for a few months only, however; for in early 1985 the Japanese finished construction of a similar system of their own, which was 3,300 kilometres in size.
159. In yet one more example of Maclean=s central-Canadian bias despite claims to being Canada=s Anational@ news magazine, in a recent article extolling the achievements of Nepean, Ont.-based JDS Uniphase Corp.—a manufacturer of fibre-optic components for the Internet—SaskTel=s contribution to the industry is ignored. In writing about the origins of fibre optics, author Ross Laver acknowledges that although Athe technology has been around in a variety of experimental forms since the 1930s, it was not until 1977 that GTE Corp. of Stamford, Conn., installed the world=s first commercial fibre-optic telephone circuit, carrying long-distance calls between two suburbs of Los Angeles.@ AGradually,@ he continues, Aother phone companies followed suit, using fibre to replace older, less efficient copper wires.@ (Maclean=s, 27 March 2000, p. 47.) It is indeed curious that the pioneering work of SaskTel in Canada at precisely the same date is nowhere mentioned in the article.
160. Frank Korevemaker, Senior Historian, ASaskatchewan Government Telephones: A History through Buildings,@ a Report submitted to the Saskatchewan Heritage Advisory Board (Regina: February 1995) p. 4.

161. Ibid.. As of 1995, only seventeen of the Phase One buildings remained, five of which were still in use by SaskTel. The majority of the Phase Two structures survive as corporation properties.

162. SaskTel, Annual Report, 1976, p. 1; SaskTel, Board Minutes, 1974, minute 18. In 1974, the Board discussed two alternatives for meeting the future head office space needs. One proposal involved a new SaskTel building in conjunction with a downtown Regina urban renewal conceptB-the plan eventually adopted. The other proposal was to build a second tower on the existing headquarters site. Building costs, the price of the current head office if sold, the parking and traffic problems of a downtown location, were some of the relevant factors that affected the final decision. (SaskTel, Board Minutes, 1974, minute 40.)

163. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; John Meldrum, Vice-President Corporate Council of Regulatory Affairs, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

164. John Meldrum, Vice-President Corporate Council of Regulatory Affairs, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

165. There were 1,011 entries in all for the $1,000 prize. But because six submissions suggested the same name, a draw was held to determine the ultimate winner, while the runners-up were awarded a $50 prize each. Gordon Hill of 2525 Pasqua Street, Regina, won the draw. (SaskTel, Board Minutes, 1978, minute 17.)

166. The others included: the original exchange building destroyed by the Regina cyclone of 1912; the graceful two-story brick and stone structure erected along Victoria Park to replace it; a third head-office building designed and constructed by the Regina firm of Egmond and Storey at 2340 Albert Street in 1924; and a fourth headquarters erected on property adjacent to the 1924 structure, at 2350 Albert Street in 1965.

167. The architects were the Regina firm of McCudden & Goldie. They also had been retained to design the headquarters on Albert Street, which had opened in 1965. (SGT, Board Minutes, 1965, minute 102.) In November 1981, that building was vested by the Crown Investments Corporation. Ninety-five percent of the old headquarters now houses the Department of Finance, the remaining five percent is used by other government employees. As for the 1924 head office building at 2340 Albert Street, it was turned over to the Saskatchewan Property Management Corporation, and later became the Royal Saskatchewan Museum Annex. Although the original brass letters spelling out AGovernment Telephones@ over the front doors were removed long ago, their outline can still be seen against the stonework. (Korvemaker, p. 9.)

168. SaskTel, Annual Report, 1976, p. 5; 1977, p. 3; 1978, p. 1.

169. Ibid., 1979, p.11; Hluchaniuk, p. 121.

170. SGT, Board Minutes, 1957, minute 121; 1958, minute 161. These Ahearings@ took place over a succession of weeks.

171. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

172. SGT, Board Minutes, 1960, minute 130. The job description was to be along the same lines as that applied by other similar utility companies. Later in 1976, the Board agreed that the position of corporate secretary (as distinct from that of secretary to the Board) would be and remain the responsibility of the General Counsel Afor the purpose of accommodating the legal requirements pertaining to the signing of agreements, expropriation and the many other legal documents associated with the business of the corporation and requiring his signature as corporate secretary.@ (SaskTel, Board Minutes, 1975, minute 20.)

173. SGT, Board Minutes, 1961, minute 173. In 1975, the title of Assistant General Manager (Operations & Engineering) was changed again to ADirector of Operations and Assistant General Manager.@ As for the Executive Committee, in 1981 the Board of SaskTel agreed to continue it following the corporation=s structural reorganization after 1978. This time, however, it was to be composed of the corporate chairman assisted by two directors. (SaskTel, Board Minutes, 1981, minute 17.)

174. See, for example, SGT, Annual Report, 1965, p. 7; SaskTel, Annual Report, 1970, p. 1; 1972, p. 1.

175. Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

176. Ibid.

177. Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. One example of the older employees= near indispensability will suffice. Don Robson recalls that in 1956-57 he was responsible for servicing the antiquated Kellogue switchboard still used at Prince Albert, which was no easy task. It was especially difficult to obtain parts for the equipment, because it was too old. The switchboard dated back to c. 1915, after all, and replacement parts were no longer manufactured. (Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.)

178. See George Spencer, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. Recalls Spencer, AIf someone had said to me back at Indian Head [where he was a district switchman in the later 1950s] >What is your ambition?...Where would you like to be at the time your career is over?= I said, >My ambition was to be a district superintendent.= That was my goal.@ Spencer achieved that position in 1966, but retired almost 30 years later as Vice-President of Operations, directly under the General Manager of SaskTel, having worked his way slowly up through the corporate ranks.

179. SGT, Board Minutes, 1954, minute 110; 1958, minute 94. The courses offered by the University of Western Ontario were held in August each year and lasted a month. Those given by Bell Canada were generally just a week in length and were provided specifically for fellow members of the Trans-Canada Telephone System. The TCTS partners shared the costs of sponsoring these courses in proportion to the number of employees sent by each company to the total number of persons enrolled. (Ibid., 1958, minute 94.)

180. Ibid., 1958, minute 94.

181. Ibid., 1961, minute 30.

182. Ibid., 1958, minute 94.

183. Ibid., 1958, minute 103.

184. Ibid., 1959, minute 289.

185. Ibid., 1961, minute 128.

186. Ibid., 1965, minutes 30, 128.

187. Ibid., 1965, minute 71. McCormick also acknowledged the additional benefits derived by SGT from the extra experience and training that was obtained by the three employees allocated to Bell Canada almost every year for Trans-Canada System work. Starting in 1966, a total of twenty-one persons from the various member companies of the TCTS were required on a loan basis by the Bell Company, and of that number SGT was requested to provide three. The corporation paid their salaries, meanwhile, for which it was reimbursed by Bell. The Board of Directors agreed in 1965 to begin scheduling the staff to be sent on these two-year junkets in advance, in order to permit better planning in the use of personnel by SGT. (Ibid., 1965, minute 91.

188. Ibid., 1962, minute 33.

189. Ibid., 1962, minutes 35, 177.

190. SaskTel, Board Minutes, minute 67.

191. Ibid., 1974, minute 72. To its credit, the Board admitted that Athere is no guarantee that the results of the survey are representative of the true feelings of those replying or a representative sample of those who did not respond.@ It proposed to consider the feasibility and practical value of a more formal survey of employee attitudes and complaints. In the meantime, it encouraged the unionized staff to use the recognized channels of communication and the collective bargaining procedures to express grievances or offer suggestions for improved management-labour relations.

192. SaskTel, Board Minutes, 1979, minute 76.

193. The package included a lump-sum severance benefit, a supplemental pension payable for life without incurring a penalty for early retirement, and a bridge benefit payable to age sixty-five for any employee who was fifty-five years old, and thus eligible to participate in the scheme. (Ibid., 1983, minute 29.)

194. SaskTel, Annual Report, 1975, pp. 1, 4; SaskTel, Board Minutes 1974, minute 82.

195. SaskTel, Board Minutes, 1974, minute 82.

196. Jean Freeman, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
197. George Spencer, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
198. Ibid.; Jean Freeman, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
199. SGT first joined the Regina Chamber of Commerce in 1966, when a management person was appointed as the corporation=s representative. (SGT, Board Minutes, 1966, minute 37.) The other memberships were authorized in 1971, at a total cost to the Crown of $950. (SaskTel, Board Minutes, 1971, minute 9.) These included the Chambers of Commerce at Moose Jaw, Prince Albert, North Battleford, Swift Current, Yorkton, Weyburn and Estevan.
200. SaskTel, Annual Report, 1980, p. 13.
201. SaskTel, Unsigned Board Minutes, 8 February 1979, p. 2.
202. SaskTel, Board Minutes, 1979, minute 24.
203. Ibid., minute 69.
204. Ibid., minutes 24, 67.
205. Ibid., minute 109(a).
206. Ibid., minutes 113, 143.
207. Ibid., minute 139.
208. Ibid., 1980, minute 4.
209. SaskTel, Annual Report, 1979, p. 11.
210. SaskTel, Board Minutes, 1979, minute 67. The Board was advised by the General Manager in 1979, in fact, that none of the vice-president postings would likely be filled until the beginning of the new year. Nor were the titles of President and Vice-President to become effective until 1 January 1980. (Ibid., 1979, minute 139.)
211. Ibid., 1980, minutes 62, 77(d). At the time, Frank A. Degenstein was made Vice President-Customer Services; Peter Van Vliet was made Vice President-Network Services; and Roger Bason was made Vice President-Administration. In 1982, however, Degenstein was shifted to Senior Vice President-Corporate Development, with Van Vliet taking over his former post. S.F. Lee succeeded Van Vliet at Network Services, in turn. (Ibid., 1982, minute 6.)
212. Ibid., 1980, minutes 49, 50. Nelson had been comptroller of SGT before his appointment as General Manager in 1978. He thus automatically became president when the reorganization plan was implemented over the next two years.
213. Gillis D. McCormick, interviewed by the author, 14 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
214. SaskTel, Annual Report, 1980, p. 13.
215. Ibid., 1982, p. 10. Although a formal Affirmative Action policy was first introduced at SaskTel during the Blakeney administration, Ross Thatcher had paved the way a decade before. He was the first premier to encourage the employment of Saskatchewan=s First Nations people in public service positions.
216. In fact, when the organization review was first proposed in 1978, J. Houston was selected to head the task force appointed to undertake it. Since 1975, he had been seconded to the Department of Finance and the GFO (soon to become the Crown Investments Corporation), and thus was ideally suited to chair the committee. (SaskTel, Board Minutes, 1978, minute 3.) Houston had formerly headed the corporation=s Personnel & Public Affairs Department. (Ibid., 1975, minute 71.)
217. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 12; Waverman, p. 72.
218. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 13.
219. Waverman, p. 72.
220. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
221. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p 13; Waverman, p. 72.

222. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 13.
223. Gruending, p. 178.
224. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 14.
225. Gruending, p. 178.
226. Crown Investments Corporation of Saskatchewan, Public Enterprise in Saskatchewan, 1981, p. 14. For an excellent discussion of SaskTel=s corporate structure at this time, and the general functions of each of the agencies involved, see Waverman, pp.73-80.
227. SaskTel, Annual Report, 1982, p. 17.
228. Ibid., 1971, p. 1; 1982, p. 1.
229. AVideotex@ was Aa generic name for describing interactive or two-way visual information services.@ (Ibid., 1980, p. 12.) It was, in other words, a new information service, operational in England since 1979 under the name APrestel,@ which used a slightly modified domestic television receiver in conjunction with a normal public telephone line, in order to provide an interactive computerized date retrieval service for homes and offices. In 1981 Videotex was approved for trials by SaskTel, which expected to complete the tests the following year.
230. Ibid., 1982, p. 1.
231. Ibid., p. 4.
232. Ibid.,1981, p. 4; 1982, p. 1; SaskTel, Board Minutes, 1983, minute 10; 1984, minute 4. In 1981, $14 million were declared as a dividend from net revenues to the CIC.
233. Ibid., 1982, p. 4.
234. Ibid., 1979, p. 2, AGoals and Objectives.@
235. ASaskTel=s Story: The first 75 years,@ ibid., 1982, p. 17.

Endnotes to Chapter 14

1. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Howard A. Leeson, ed., Saskatchewan Politics: Into the Twenty-First Century (Regina: 2001) p. ix.
2. Howard A. Leeson, AThe Rich Soil of Saskatchewan Politics,@ in Saskatchewan Politics, pp. 4, 5, 7.
3. Ibid., p. 5; Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Praud and McQuarrie, p. 161.
4. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
5. Ibid. Leeson was involved intimately in the constitutional talks as Blakeney=s Deputy Minister of Inter-Government Affairs.
6. Ibid. In fact, argues Leeson, if Allan Blakeney Ashould be remembered for anything, he should be remembered for his unique use of public corporations.@
7. Praud and McQuarrie, p. 153.
8. Ibid.
9. Dyck, p. 476; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
10. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
11. Archer, p. 339.
12. Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 7.
13. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Lorne A. Brown, Joseph K. Roberts and John W. Warnock, Saskatchewan Politics From Left to Right, 1944 to 1999 (Regina: 1999) p. 25; Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 7.
14. Brown et al., p. 26; Praud and McQuarrie, p. 153.
15. Brown et al.; Dyck, p. 476; Praud and McQuarrie, p. 153.
16. Warnock, Saskatchewan Politics, p. 27; Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
17. Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 6.
18. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
19. Leeson, Saskatchewan Politics, p. x.
20. Dyck, p. 448.
21. Mark Stobbe, AThe Selling of Saskatchewan,@ in Devine Rule in Saskatchewan: A Decade of Hope and Hardship, eds. Lesley Biggs and Mark Stobbe (Saskatoon: 1991) p. 107.
22. Brown et al., p. 35; James M. Pitsula and Kenneth A. Rasmussen, Privatizing a Province: The New Right in Saskatchewan (Vancouver: 1990) p. 1; Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 5. See also John Shields, Dismantling a Nation (Halifax: 1997) p. 23; Praud and McQuarrie, pp. 154, 161; Allan Tupper, AThe Changing Political Environment of Canadian Crown Corporations,@ in Public Enterprise in an Era of Change, ed., John Allan (Regina: 1998) p. 26; James M. Pitsula, AThe Social and Economic Impact of Saskatchewan Crown Corporations,@ in Allan, Public Enterprise, p. 157.
23. Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 5.
24. Ibid.
25. Pitsula and Rasmussen, p. 32.
26. Ibid.; Stobbe, p. 81.
27. Don Baron and Paul Jackson, Battleground: The Socialist Assault on Grant Devine=s Canadian Dream (Toronto: 1991) p. 15.
28. Quoted in ibid., pp. 15-16.
29. Gruending, p. 225; Brown et al., p. 35; Stobbe, p. 83; Colin Thatcher, Backrooms: A Story of Politics (Saskatoon: 1985) p. 203.

30. Ibid., pp. 55-6.
31. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
32. Stobbe, p. 81; Baron and Jackson, p. 68.
33. Kenneth Stein, APrivatizationB-A Canadian Perspective,@ in Privatization: Tactics and Techniques, ed. Michael A. Walker (Vancouver: 1988) p. 72. See also Howard A. Leeson, ACrown Corporations in Saskatchewan: Echoes of the Past or Engines of the Future,@ in Allan, Public Enterprise, p. 165.
34. Hardin, pp. 161, 198-99. Government enterprise, adds Hardin, is Acommunity centred.@
35. Tupper, p. 23. See also Herschel Hardin, A Nation Unaware (Vancouver: 1974), quoted by Tupper.
36. Leeson, ACrown Corporations in Saskatchewan,@ p. 165.
37. Stobbe, p. 82.
38. Leeson, ACrown Corporations in Saskatchewan,@ p. 162.
39. Brown et al., p. 36.
40. Tupper, p. 27.
41. M.J. Trebilcock and J.R.S. Prichard, ACrown Corporations: The Calculus of Instrument Control,@ Crown Corporations in Canada: The Calculus of Instrumental Choice, ed. J. Robert Prichard (Toronto: 1983) p. 86.
42. Brown et al., p. 36.
43. Ibid., p. 37. See also Thatcher, p. 197.
44. Pitsula and Rasmussen, pp. 74-5.
45. Thatcher, p. 197. See also Baron and Jackson, p. 69; Pitsula and Rasmussen, p. 76.
46. Baron and Jackson, p. 70.
47. The Wolff Report, quoted in Kirsch, p. 96.
48. Pitsula and Rasmussen, pp. 76-8.
49. Praud and McQuarrie, p. 154.
50. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
51. Ibid. In 1988, Millar Western opened the first bleached chemi-thermo-mechanical pulp mill at Whitecourt, Alberta. Four years later, in 1992, the company opened the world=s first successful zero-liquid-effluent discharge pulp mill at Meadow Lake, Saskatchewan. Both are in operation today.
52. Trebilcock and Prichard, p. 86; Harding, p. vii.
53. Quoted in Elaine Kirsch, Crown Corporations as Instruments of Public Policy: A Legal and Institutional Perspective, Economic Council of Canada, Discussion Paper no. 295 (Ottawa: 1985) pp. 1-2.
54. Trebilcock and Prichard, p. 1.
55. Harold Chorney, AThe Future of Crown Corporations: Government Ownership, Regulation or Market Control: A Keyneseian Approach,@ in Allan, Public Enterprise, pp. 104-05.
56. Hardin, pp. 101, 104, 118-19.
57. Tupper, p. 25. For similar views of the role of Crown corporations in Canadian history, see: Knubley, p. 150; Trebilcock and Prichard, p. 33; Hardin, pp. 118, 162.
58. Trebilcock and Prichard, p. 37.
59. Ibid., p. 40.
60. Ibid., 117, 118. To defend this position, almost scriptural references were made to the works of eighteenth-century economic philosopher Adam Smith, in particular The Wealth of Nations.
61. Richard Gabel, AThe Early Competitive Era in Telephone Communications, 1893-1920,@ Journal of Law and Contemporary Problems (Spring 1969): p. 342.
62. Trebilcock and Prichard, p. 46 (emphasis mine).
63. Ibid., pp. 46-7, 54.
64. Tupper, pp. 26, 27; Kirsch, p. 3.
65. Borcherding, p. 218.
66. Kirsch, p. 3.
67. Borcherding, p. 218.

68. Kirsch, pp. 4, 5. Specifically because public ownership is clothed in corporate trappings, adds Kirsch, they are susceptible to confusion with private enterprise, and hence distortion, by those who view them through Apublic sector glasses.@
69. Denny, p. 141.
70. Ibid., p. 118.
71. Ibid., p. 141.
72. Ibid., p. 141-42.
73. Ibid., pp. 144-45, 147. Former Saskatchewan premier and advocate of Crown ownership, Allan Blakeney, makes the same argument. See Allan Blakeney, AThe History of Saskatchewan Crown Corporations,@ in Allan, Public Enterprise, p. 36.
74. Brett Fairbairn, AEconomic Development and the New Role of Government,@ in Leeson, Saskatchewan Politics, p. 303.
75. Denny, pp. 147-48.
76. Ibid., p. 155.
77. Fuss and Waverman, p. 157.
78. Economic Council of Canada, Minding the Public=s Business, pp. 13-14; Denny, p. v; Hardin, p. 103.
79. Economic Council of Canada, Minding the Public=s Business, p. 40.
80. Ibid.; Denny, p. 149.
81. Michael Denny, it seems, was the sole dissenting voice. He insisted that the historic goals of the government telephone enterprises (to provide universal service at low rates) were unrealistic and had not led to the rational use of resources, especially in view of the subsidies. Although he acknowledged that public telephones had been more successful than private firms in extending service to rural areas because of their willingness to subsidize costs, their overall success in the market place did not imply economic efficiency at the same time. This, he wrote, demanded Athat effective actual or simulated competition exists to require efficiency.@ For unlike private companies, government enterprise enjoyed build-in cost advantages that helped them to maintain low rates, such as exemption from federal corporate taxes. (Denny, pp. 153-54.)
82. Economic Council of Canada, Minding the Public=s Business, p. 40; Denny, pp. V, 28-9; Hardin, p. 101.
83. Economic Council of Canada, Minding the Public=s Business, p. 41.
84. Denny, pp. 1-2, 23, 28-9.
85. Waverman, p. 6. Some of the same charges were leveled, incidentally, against Bell Canada at the same date. See Fuss and Waverman, p. 158.
86. Waverman, p. 7. Waverman is still more precise. The great problem in examining SaskTel=s rate-setting prices, he writes, is that all the information on increases is available only after the fact. Thee is no data on rate hikes proposed by the Board, or the intervention of interested groups (assuming they had advance warning), or the final juggling of interests by Cabinet. Furthermore, there was a Alower periodicity@ for the eight rate hikes in Saskatchewan between 1949 and 1979 than in other systems, though whether this was owing to the corporation=s greater efficiency or simple reluctance to raise prices is also missing from the evidence. The final defect in the system was the lack of openness to, or even notice of, public concerns, coupled with an absence of fairness in the decision-making process. To resolve these problems, Waverman recommended a larger regulatory role for the Select Committee on Crown Corporations in SaskTel=s operations. (Ibid., pp. 135-36, 211-12.)
87. Denny, pp. vi, 5.
88. Economic Council of Canada, Minding the Public=s Business, p. 41.
89. Ibid..
90. Ibid., pp. 41-3.
91. Fuss and Waverman, pp. 157, 163.
92. Quoted in Waverman, p. 74; Denny, p. 109.
93. SaskTel, Board Minutes, 1979, minute 101; SaskTel, Unsigned Board Minutes, 23 August 1979, p. 5; Economic Council of Canada, Minding the Public=s Business, p. 43. Specifically, the Board

agreed that SaskTel would not provide CNCP (or Cantel, for that matter) access to its switched network of the types of inter-connection approved in Bell Canada=s territory. Neither would the Crown lease local loops to CNCP in Saskatchewan that would result in interconnection of CNCP facilities with the switched network in Bell territory or to that of other telephone companies. Cantel (which wanted access to SaskTel=s facilities, in order to interconnect its cellular telephone network with the provincial system) and CNCP had obtained access to the Bell Canada and B.C. Telephone systems through a ruling by the federal Canadian Radio-television & Telecommunications Commission (CRTC) despite protest from both companies.

94. Quoted in Denny, pp. 109-110, 111; Waverman, p. 75.

95. Quoted in Waverman, p. 75.

96. Quoted in ibid., p. 74.

97. Quoted in ibid., p. 75.

98. Denny, p. 110.

99. Yet in fairness, writes Michael Denny, Avery few public or private non-profit organizations have a set of goals that are readily translated into measurable quantities.@ (Ibid..)

100. AThe Saskatchewan Telecommunications Act; Part I. >Organization and Powers=,@ Revised Statutes of Saskatchewan, 1978, Chapt. 3-34, section 9, pp. 5487-5488. See also Waverman, pp. 79-80.

101. SaskTel, Annual Report, 1980, p. 2.

102. ABasic Mission Statement,@ quoted in Denny, p. 114.

103. Ibid., pp. 116, 153-54. See also Waverman (p. 75), who raises the same point.

104. Denny, p. 116.

105. Economic Council of Canada, Minding the Public=s Business, pp. 44-5.

106. Ibid., pp. 141-42.

107. Denny, p. 117.

108. Fuss and Waverman, p. 158.

109. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

110. Pitsula and Rasmussen, p. 87.

111. SaskTel, Board Minutes, 1973, minute 65.

112. Ibid., 1982, minute 67 and Schedule D, 21 June 1983; SaskTel, Unsigned Board Minutes, 10 September 1982, p. 8; Leader-Post, Regina, 31 March 1983. See also Pitsula and Rasmussen, p. 87. This decision followed, in part, from a 1980 ruling by the CRTC, which opened the extension market for customer-owned PABX (private automatic branch exchange) to competition in Prince Edward Island. The provincial system of PEI appealed unsuccessfully to keep its monopoly in this regard. (SaskTel, Unsigned Board Minutes, 27 August 1980, p. 2.) Yet SaskTel=s Board was not unduly alarmed over this matter, noting that it could improve the corporation=s public relations and promote better technical standards for privately owned equipment. The Annual Report for 1982 even predicted that Acompetition in these areas does not signal diminished returns or opportunities for the corporation. Initial indications are that these policy changes will have minimal effects on the corporation=s revenues and manpower resources.@ (SaskTel, Annual Report, 1982, p. 4.)

113. SaskTel, Board Minutes, 1982, minute 68, and Schedule G, 24 May 1984; SaskTel, Unsigned Board Minutes, 10 September 1982, p. 8, and 9 November 1982, p. 2; SaskTel, Annual Report, 1982, p. 4.

114. This included negotiating Aan orderly exit from the lease, maintenance and installation of Wang computers.@ (SaskTel, Unsigned Board Minutes, 12 October 1982, p. 3.) In January 1980, the Board had authorized management to pursue Aany and all options@ with respect to entering Acommunicating and word-processing distribution systems.@ To that end, the corporation had signed its first contract with Wang Laboratories, Inc., giving SaskTel exclusive right to market $1,050,000 worth of Wang word-processing equipment in Saskatchewan for a two-year period, starting 1 May 1980. In 1981, the Board expanded its product line to include Way 2200 small

business systems. That enabled SaskTel to integrate word-processing, communication-processing and information management applications on the same system, thereby addressing the requirements of its business customers more effectively. This meant concluding additional agreements with software venders for the provisioning of software applications. In 1982, SaskTel=s contract was renewed with Wang, carrying a commitment of $2.1 million on projected sales of $3.6 million for word-processing systems and $3-$5 million for small business systems. The corporation=s relationship was highly lucrative, in short. (See SaskTel, Unsigned Board Minutes, 28 January 1980, p. 6; 28 February 1980, p. 5; 31 March 1980, p. 1; 26 October 1981, p. 5; 25 March 1982, p. 1; SaskTel, Board Minutes, 1980, minutes 26, 33a; 1981, minute 128.)

115. Pitsula and Rasmussen, p. 87.

116. Leader-Post, Regina, 9 October 1986. See also Pitsula and Rasmussen, p. 118.

117. Leader-Post, Regina, 16 October 1986. See also Pitsula and Rasmussen, p. 118.

118. See the Leader-Post, Regina, 8 August 1985. The privatization of British Telecom, of which Devine warmly approved, was also the subject of a paper presented by John Williams at the Frazier Institute conference and subsequently published in Privatization: Tactics and Techniques. Entitled AA Case Study in Privatizing a Major Public Corporation,@ (pp. 23-38), the essay pointed to the benefits Awhich accrue from severing the link to the public sector and those which accrue as a result of increased competition which the privatized firm forces.@

119. Leader-Post, Regina, 16 October 1986.

120. Ibid., 11 and 17 October 1986. See also Pitsula and Rasmussen, p. 118.

121. Stobbe, p. 86; Fairbairn, AEconomic Development and the New Role of Government,@ p. 200; Stobbe, p. 86; Praud and McQuarrie, p. 155.

122. Stobbe, p. 86; Pitsula and Rasmussen, pp. 118, 283.

123. Pitsula and Rasmussen, p. 157; Stobbe, p. 88.

124. Graham Walker, ACanadian Success in Privatization,@ in Walker, p. 161.

125. Hardin, p. 92; Stobbe, p. 87; Pitsula and Rasmussen, p. 87.

126. Stobbe, p. 88. See also ATaylor Looks Forward to Privatization Role,@ Leader-Post, Regina, 25 January 1988. To supporters of the government=s policy, the CMB and the new department represented a near-perfect Afusion of politics and business directing the privatization process,@ which had been rescued Afrom the smothering pillows of prairie socialism.@ (Walker, pp. 160-61.) To critics, on the other hand, public participation was nothing more than Aideological hype@B-an AOrwellian propaganda technique@ and Ashameless ruse@ that became the butt of jokes. Yet it had a serious side, too. For the Amanipulation of language and ideas and the brave new world of privatization,@ opponents warned, Ago together.@ (Hardin, p. 99.)

127. Stobbe, p. 89.

128. Ibid., p. 89.

129. Rasmussen, ASaskatchewan=s Public Service,@ pp. 100-01.

130. Ibid., p. 101.

131. Chorney, p. 108; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

132. Dyke, p. 457; Hardin, p. 96; Harding, p. 310; Stobbe, pp. 94-5, 96; Baron and Jackson, pp. 27-8, 72-4. According to Baron and Jackson, after its privatization SaskOilB-now Wascana Energy-Bgrew Aexplosively into Canada=s eight largest oil and gas company.@

133. Stobbe, p. 108.

134. Ibid., pp. 95, 101.

135. Dyck, p. 479; Hardin, p. 97; Stobbe, pp. 96, 101-03, 105, 106. See also Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

136. Dyck, p. 479.

137. SaskTel, Annual Report, 1988, pp. 4-5; Stobbe, p. 80; Pitsula and Rasmussen, pp. 166, 168. Westbridge grew rapidly thereafter, acquiring a number of software companies with extensive contracts in the United States. In fact, Westbridge=s expansion proceeded so swiftly that between

1988 and 1989 it jumped from being the forty-third largest company of its kind to the eighth largest. (Pitsula and Rasmussen, p. 168.)

138. SaskTel, Annual Report, 1988, pp. 4-5.

139. Pitsula and Rasmussen, p. 169.

140. SaskTel, Annual Report, 1988, p. 5. The new division had its own trained staff and was to draw upon the resources of SaskTel to ensure that Saskatchewan businesses had access to the best data transmission services available anywhere in Canada.

141. Ibid.; Pitsula and Rasmussen, pp. 166-67. Another majority shareholder of the new company were its employees, who owned 46 percent through their participation in Aa labour-sponsored venture capital corporation.@ Of the remaining shares, 44 percent were held by Brigdens Printers and Publishers. Hence, the transaction was represented as an employee initiative in partnership with a prominent Saskatchewan publisher. (SaskTel, Annual Report, 1988, p. 5.) To ensure its success, the government actively encouraged the division=s former staff to join the publishing company, and offered them financial incentives to do so. (Pitsula and Rasmussen, p. 167; the Leader-Post, Regina, 22 July 1989.) They were further assured that while Direct West held a long-term contract to print SaskTel=s 10 annual directories, it could compete for other business, too. As an added inducement, those who joined the new venture were promised that if by April 1993 Direct West=s gross income fell below $23.5 million, it could renegotiate its contract with, or force a resale of assets to, SaskTel on advantageous terms. (SaskTel, Annual Report, 1988, p. 5; Pitsular and Rasmussen, p. 167; the Leader-Post, Regina, 22 July 1989.) In view of these offers, 53 percent of the staff joined Direct West, most of whom also purchased shares in the company.

142. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

143. Howard A. Leeson, interviewed by the author, 8 August 2002, ibid..

144. Frank Degenstein, interviewed by the author, 15 August 2002, ibid..

145. Ibid..

146. Ibid..

147. Ibid..

148. Stobbe, p. 107.

149. Ibid., p. 86.

150. Leeson, AThe Rich Soil of Saskatchewan Politics,@ p. 6.

151. Brown et al., p. 44.

152. Stobbe, p. 86; Praud and McQuarrie, p. 154.

153. The other three cardinal rules are: never cancel a benefit that people derived from a public activity of a Crown corporation, no matter how unjust; list all groups who might be affected by privatization, and either identify the advantages to be gained from the process, or structure the policy in such a way than none of these people would lose from the transaction; and privatize the easy public enterprises first, not the difficult or popular ones. (Walker, pp. 6-12.)

154. Stobbe, pp. 87-8. As Graham Walker noted (p. 63), privatization was about politics as well as economics. AIf you start at the very beginning and recognize that [fact], you=re most likely to be successful."

155. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

156. Quoted in Roy Romanow, John Whyte and Howard A. Leeson, Canada...Notwithstanding: The Making of the Constitution 1976-1982 (Toronto: 1984) pp. 30-1.

157. The provincial position was expressed in a 1976 letter from Alberta=s Peter Lougheed to Pierre Trudeau, following a meeting of the premiers at Edmonton. Writing with regard to the prime minister=s initiative to patriate the constitution-Bthe subject of the Edmonton conference-BLougheed wrote that although the plan met with general approval by provincial leaders, no action should be taken Awithout a consensus being developed on an expansion of the role of the provinces and/or jurisdiction@ in a variety of key areas, including communications. (Quoted in Romanow et al., John Whyte and Howard A. Leeson, Canada...Notwithstanding, p. 4.) That demand for greatly increased provincial authority in this realm of activity embodied a challenge

A[T]o develop a constitutional framework which would serve both to unify the nation and to mirror the specific regional and cultural differences of Quebec.@ (Ibid., pp. 29-30.)

158. Ibid., p. 30.
159. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
160. Kevin G. Wilson, Deregulating Telecommunications: U.S. and Canadian Telecommunications, 1840-1992 (New York: 2000) p. 183. Emphasis his.
161. Ibid..
162. SGT, Board Minutes, 1966, minute 82.
163. SaskTel, Board Minutes, 1969, minute 101; 1970, minute 101.
164. Under Part 2 of the Canada Corporations Act, the old Telephone Association of Canada was superceded by the Canadian Telecommunications Carriers Association. The latter had approximately twenty members at its inception and was not to be confused with the TCTS, an operating agency composed of the eight major inter-connected telephone systems in Canada. (SaskTel, Board Minutes, 1972, minute 99.)
165. Ibid., 1970, minute 101.
166. Ibid., 1967, minute 68.
167. Ibid., 1971, minute 60.
168. Ibid., minute 71. This control extended also to microwave systems.
169. Ibid., 1976, minute 50.
170. Ibid., 31 March 1980, p. 4; 17 and 24 April 1980, pp. 1, 4; SaskTel, Board Minutes, 1980, minutes 35, 49, 95.
171. SaskTel, Board Minutes, 1980, minute 35. Telesat was founded in response to a general concern that if Canada failed to develop quickly a domestic satellite communications system, the United States would consume much of the available air space with its own satellites. There was also a danger that Quebec might participate in a separate French network to ensure French-language services for provincial residents. Ottawa further saw this as an opportunity to strengthen the country=s national identity, Aas it would allow the extension of live T.V. in both languages throughout Canada, while aiding in the development of the Canadian north, providing links between northern communities, decreasing the isolation of remote areas and removing disparities in life-styles between those living in and outside the main centres.@ There was an additional concern, finally, Ato maximize Canadian content in the building of the satellite.@ Thus Telesat Canada was created in 1969, becoming a member of the TCTS in 1978. Ownership was shared among the federal government (which held the majority position), the major telecommunications carriersB-including SaskTelB-the CNCP and the Canadian public. (See Prichard, pp. 52, 57.) It is interesting and perhaps even significant, however, that the CRTC tried to prevent Telesat from joining the Trans-Canada System on the grounds that the former could provide services to carriers competing with the members of the TCTS, while the latter comprised the eight major carriers in Canada. But in a rare move, the federal government overruled the commission. (See Economic Council of Canada, Minding the Public=s Business, p. 45.)
172. SaskTel, Unsigned Board Minutes, 22 May 1980, pp. 3-4.
173. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
174. SaskTel, Annual Report, 1981, p. 7, and 1984, p. 5; SaskTel, Unsigned Board Minutes, 27 August 1981.
175. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
176. SaskTel, Annual Report, 1980, p. 2.
177. SaskTel, Unsigned Board Minutes, 24 April 1980, p. 3.
178. Ibid., 22 May 1980, p. 4.
179. Ibid., 26 June 1980, p. 3.
180. Robert E. Babe, Telecommunications in Canada: Technology, Industry, and Government (Toronto: 1990) pp. 128-30. See also SaskTel, Unsigned Board Minutes, 14 May 1979, p. 3.
181. John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

182. Babe, p. 131.
183. Ibid..
184. SaskTel, Unsigned Board Minutes, 3 November 1982, p. 4.
185. Ibid., 12 October 1982, p. 3.
186. APresident=s Report,@ SaskTel, Board Minutes, 25 November 1983, p. 2.
187. APresident=s Report,@ SaskTel, Board Minutes, 25 November 1983, p. 2. Frank Degenstein succeeded interim president G.D. McCormick as head of SaskTel on 1 July 1983. (APresident=s Report,@ ibid., 21 June 1983, pp. 1, 9.) Degenstein stepped down as president in 1996, after serving for three years.
188. Ibid.; see also SaskTel, Annual Report, 1983, p. 6. In general, SaskTel applied the Avalue of service@ concept to all subscribers, which emphasized the same rates for the same basic facilities and, therefore, did not discount rates for equipment required to provide Aspecial needs@ services. Yet the corporation nevertheless recognized Aservice and accessibility obligations for handicapped users.@ So while remaining consistent with the Avalue of service@ rule, SaskTel discounted residential intra-city DDD (direct distance dialing) usage by fifty percent for keyboard users who were certified as hearing or speech impaired, on the argument that Akeyboard users require more than twice as much time as voice users to relay the same amount of information.@ Also to this end, SaskTel converted coin telephones to single slots that had receiver inserts with a flux coil, which were compatible with hearing aides. Hard-of-hearing handsets were installed on specific coin telephones throughout the province, and a universal height for coin telephones was similarly adopted, according to industry standards in Canada and the United States. Finally, a booklet, ATelephone Service for Special Needs,@ was made available for distribution by SaskTel=s business offices, where special training for staff and equipment were provided, as well, for inquiries, repair service and directory assistance for keyboard users anywhere in the province. All of this conformed, of course, to the social mandate that lay behind the concept of Crown corporations as envisaged originally in 1944 by the CCF. (SaskTel, Board Minutes, 21 June 1983, Schedule J, pp. 1-2; SaskTel, Annual Report, 1981, p. 4.)
189. APresident=s Report,@ SaskTel, Board Minutes, 20 October 1983, p. 4.
190. Ibid., p. 5.
191. Ibid., Schedule O, n.p. Emphasis theirs.
192. APresident=s Report,@ ibid., 22 March 1984, p. 5.
193. SaskTel, Annual Report, 1989, p. 4.
194. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
195. George Spencer, interviewed by the author, 8 August 2002, ibid..
196. APresentation to the CMB Board,@ Schedule D, May 1984, SaskTel, Board Minutes, 26 April 1984, n.p. See also Economic Council of Canada, Minding the Public=s Business, pp. 42-3.
197. John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
198. Wilson, p. 184. Emphasis his. See also John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
199. Wilson, p. 184.
200. Quoted in Babe, p. 132. For the details of the case, see also Wilson, pp. 183-84; Joseph E. Magnet, Constitutional Law of Canada: Cases, Notes and Materials, vol. I, Federalism (Edmonton: 1998) pp. 635-39.
201. John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, ibid.
202. SaskTel, Annual Report, 1989, p. 5.
203. Ibid..
204. Economic Council of Canada, Minding the Public=s Business, pp. 41-2.
205. Ibid., p. 42.

206. To ensure competition in the provision of mobile-telephone service via cellular radio technology, the Department of Communications issued two different licences. One was intended for the local telephone company, and the other was designed for a competitor. The telephone carrier was require to provide the competition with interconnect facilities. (Ibid., p. 42.)

207. Ibid., p. 43. This endorsement appeared in the council=s earlier publication, Reforming Regulation (1981).

208. Quoted from Reforming Regulation in ibid..

209. Ibid., pp. 43-4.

210. Ibid., p. 44.

211. Ibid., p. 45.

212. Ibid., p. 45.

213. John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, ibid.; Howard A. Leeson, interviewed by the author, 8 August 2002, ibid.

214. SaskTel, Annual Report, 1989, p. 5.

215. Ibid., 1987, p. 4.

216. Ibid., pp. 4-5.

217. Ibid., 1991, p. 2.

218. Ibid., p. 3.

219. Ibid..

220. Leeson, ACrown Corporations in Saskatchewan,@ p. 165.

221. Ibid.; Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

222. Ibid..

223. SaskTel, Annual Report, 1991, p. 3.

224. Ibid., 1992, pp. 1-2.

225. Apart from his pivotal role as provincial premier, Roy Romanow also had direct experience of SaskTel, having served as Deputy Chairman of the Board during 1977 in his capacity as Minister of Communications under Alan Blakeney. Howard Leeson of the University of Regina also was a logical choice as a member of the Saskatchewan team at the Charlottetown talks. He had serviced as Deputy Minister in charge of constitutional negotiations in 1979-80 under the former NDP régime, and thus was well suited to reprise his former role during the new round of discussions. Subsequently in 1993, Leeson joined the Romanow government formally as Deputy Minister of Intergovernmental Affairs, serving a number of years in that post before returning to his teaching duties as a Professor of Political Science at the Regina campus. In addition to the Justice portfolio, Bob Mitchell doubled as Minister in Charge of Constitutional Negotiations starting in 1991, and thus played a prominent role at the Charlottetown meetings.

226. A facsimile copy of the original letter was provided by John Meldrum, the current Vice President Corporate Counsel of SaskTel.

227. SaskTel, Annual Report, 1992, p. 2.

228. Howard A. Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

229. Telecommunications Act, 1993, Chapt. 38, Part I, section 8.

230. Ibid., Part VII, section 133. The Telecommunications Act came into force on 25 October 1993.

231. John Meldrum, Vice-President Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

232. SaskTel, Annual Report, 1992, pp. 2-3. Fred Van Parys succeeded Marcel Bernard as president of SaskTel in 1993, and served in that capacity until retiring in 1996.

Endnotes to Chapter 15

1. SaskTel, Annual Report, 1989, p. 4.
2. This trend continued, meanwhile, until, with the full development of the fibre-optic system and conversion of the entire provincial network over to digital technology, such statistics were no longer recorded. Instead, the Annual Report for 1998, SaskTel's ninetieth-anniversary year, stated (for example) that the public plant consisted of "189 rural exchanges, each with an average of 712 residential customers—that's over 134,597 lines connecting Saskatchewan people in towns and on farms to the world. The figure for urban telephones or exchanges and business customers was not listed. (Ibid., 1998, p. 10.)
3. Ibid., 1980, p. 1; 1989, p. 5; 1990, p. 3. According to the report, 1989 represented the sixth consecutive year in which SaskTel's net earnings exceeded $35 million. It is also noteworthy that early in the 1990s, the amount of dividend paid to the Saskatchewan treasury by the corporation was increased from fifty percent to fifty-five percent.
4. Ibid., 1980, p. 2; 1982, p. 1.
5. Ibid., 1980, p. 2.
6. Ibid., 1983, p. 15. A decade later, in 1997-98, SaskTel also introduced Prepaid Phone Cards under the trade mark QuickChangeJ. The first of these was issued to commemorate the 1998 Winter Olympic Games at Negamo, Japan. Similar cards selected for a new Hello! Phone Pass series featured images of Saskatchewan's predatory animals. Already, sales of QuickChangeJ cards reached $215,850 by the end of 1997. (SaskTel, Board Minutes, 25-26 February 1998, "Core Strategy," p. 8.)
7. SaskTel, Annual Report, 1982, p. 9.
8. Ibid., 1980, p. 2. Alberta and Manitoba also had this service by the year's end.
9. Ibid., 1981, p. 4; 1984, p. 14. Eighteen radio-telephone units were installed for use at various locations. Then to reflect the extension of service in 1984, the name of the system was altered to Public Exchange Radio-Telephone Service.
10. Ibid., 1980, p. 1; 1982, p. 5; 1984, pp. 3, 9.
11. Ibid., 1985, p. 3.
12. Ibid., 1981, p. 4.
13. Ibid., 1984, p. 14. The 1-900 service was subsequently discontinued by SaskTel in the 1990s. Bell Canada now serves all customers who want this option. To 1-800 and 1-900 dialing, in the late 1990s SaskTel added 1-888--another service whereby toll charges were paid by the called, not the caller—as well as 1-877 dialing, which enabled business customers to request a vanity number (e.g., 1-877-FLOWERS). (SaskTel, Board Minutes, 25-26 February 1998, "Core Strategy," p. 6.)
14. SaskTel, Annual Report, 1985, p. 13; 1986, p. 22.
15. Ibid., 1981, p. 20; 1982, p. 1. During the service trials, 100 user terminals were supplied free of charge to test participants, who were given access to the services offered.
16. Ibid., 1983, pp. 5, 6.
17. Ibid., p. 15; 1985, p. 13.
18. Ibid., 1983, p. 10.
19. Ibid., 1985, p. 3.
20. Ibid., 1981, p. 11.
21. Ibid., 1985, p. 13.
22. Ibid., 1986, p. 4.
23. Ibid., 1980, p. 12.
24. Ibid., 1984, p. 9.
25. Ibid., 1986, p. 23.
26. The 7,180 kilometre coast-to-coast network was to be completed by 1990 at an estimated cost of $300 million. Each member of Telecom Canada was responsible for its segment of the system, which gave an "economic boost" to those local manufacturers and contractors who performed the majority of the installation. Work on SaskTel's portion began in 1996 and was completed just a year later. Linked with Manitoba at the town of Kirkella and with Alberta at the city of Lloydminster, the national fibre-optic system was also integrated with SaskTel's provincial broadband network. (Ibid., 1985, p. 7; 1987, p. 4.)
27. Ibid., 1988, p. 4.

28. At first, these art works were purchased as office furnishings, which meant that they depreciated rather than appreciated in value over time. Eventually, this changed with the formation of a committee of employees and an external art expert to visit provincial galleries once a year to acquire new pieces. Finally, the Public Affairs Department assumed responsibility for the growing collection, armed with a budget of $10,000 per year for new purchases. Striking a deal with he Organization of Saskatchewan Arts Councils (OSAC), the corporation agreed to divide the collection into three shows of approximately 30 pieces each, arranged according to a particular theme, for circulation around the province in the early 1990s. Public Affairs provided a catalogue for each of these very popular displays and paid part of the distribution costs. Under the presidency of Fred Van Parrys, however, the department's art budget was slashed in the interests of streamlining the corporation, meaning that plans to hire a curator for the collection were vetoed. Thus also prevented from acquiring new pieces, Public Affairs used its remaining funds to refurbish the collection during the remainder of the decade, before dispersing it for display in SaskTel buildings and offices across the province in 2001. Since then, the Marketing and Community Relations Department has been contacted frequently in the interests of reviving SaskTel's traditional support for Saskatchewan artists. (See Jean Freeman, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Myrna Barclay, Manager of Marketing and Community Relations of SaskTel, interviewed by the author, 9 August 2002, ibid.)
29. SaskTel, Annual Report, 1986, p. 4.
30. Ibid., 1988, p. 4.
31. Ibid., pp. 4, 11.
32. SaskTel, Board Minutes, 25 April 1983, Schedule H, pp. 1-2. Locally, the celebrations involved special events at specified locations for SaskTel employees and their families that included picnics, barbecues and a variety of activities, such as races, ball games, poll climbing, dunk tanks and so on. Attendance was high, with 2,826 people participating. As a promotional device, seventy-five helium balloons were released at each venue, seventy-four of which contained a coupon for a long-distance gift certificate. The seventy-fifth carried a similar coupon for a free extension telephone. By mid-August, forty-one coupons had been redeemed by people at various places around the province. (Ibid., 15 August 1983, Schedule I, pp. 1-4.)
33. Ibid., 15 August 1983, Schedule I, p. 2.
34. Ibid., 19 December 1983, Schedule F, n.p. See also SaskTel, Annual Report, 1985, p. 23; 1986, p. 3. SaskTel's share of the total estimated cost of $14 million for construction and maintenance of the pavilion was five percent, or $700,000, payable over three years beginning in 1984.
35. SaskTel, Annual Report, 1986, p. 3.
36. Ibid., p. 20. The CCI was head-quartered in Vancouver, with an international office in Hong Kong. Its particular focus was the Pacific Rim, but especially China—a developing country" that had announced plans recently to spend more than $5 billion to expand its telecommunications capabilities as a spur to economic and social development. SaskTel's management "anticipated that eh accumulated expertise and combined strengths of the member companies [in CCI] will provide the marketing edge needed to gain a strong foothold in the burgeoning but extremely competitive world market." (Ibid.)
37. Ibid., 1985, p. 23; 1986, p. 3.
38. Ibid., 1981, p. 6.
39. Ibid..
40. Ibid., 1986, p. 5.
41. Ibid., 1988, pp. 4-5. In fact, the Telebond campaign attracted more than 35,500 applications, involving purchases of more than $106 million. Two kinds of bonds were issued: 1) a standard interest-earning savings bond; and 2) a credit bond by which holders received interest in the form of credit toward their monthly telephone charges. The latter was especially popular, representing a third of the total number of bonds purchased. (Ibid., 1989, p. 5.)
42. Ibid., 1986, p. 5. See also ibid., 1989, p. 4.
43. In autumn 1987, SaskTel's in-scope employees "found themselves in a strike action" over wages, job security, seniority rights, lay-off procedures, reduced hours of work and the company's ability to contract out certain activities. It appears that many issues in the dispute had carried over from previous contract negotiations in 1983. (SaskTel, Board Minutes, 21 June 1983, Schedule C, pp.

1-5.) Although management was "obliged to initiate" a limited lock-out during the dispute, union employees rejected a strike by a second vote of the membership. At year's end, the impasse was still unresolved; yet management hastened to praise the dedication of the vast majority of both in-scope and out-of-scope employees, adding that their willingness to meet the challenges ahead, their pride in SaskTel and their commitment to the Saskatchewan people gave the corporation much confidence as it planned for the future. (SaskTel, Annual Report, 1987, p. 5.)

44. Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Jean Freeman, interviewed by the author, 8 August 2002, ibid..
45. Jean Freeman, interviewed by the author, 8 August 2002, ibid..
46. SaskTel, Annual Report, 1984, p. 14; 1985, p. 13.
47. Ibid., 1989, p. 19.
48. Ibid..
49. Ibid., 1990, p. 3.
50. Blashall and Johnston, p. 96.
51. Dept. of Telephones, Annual Report, 1990, p. 1. The last four firms assimilated were the Balcarres West and Redrows Companies, both of Balcarres; the East Borden Company of Borden; and the Pelly Company of Pelly, one of the oldest rural firms in Saskatchewan. These companies served a total of 130 subscribers at the time of their assimilation. (Ibid., p. 4.)
52. Ibid., p. 3.
53. SaskTel, Annual Report, 1990, p. 3; 1992, pp. 1-2.
54. Ibid., p. 3.
55. Ibid., 1992, p. 1; SaskTel, Board Minutes, 11 April 1994, items 3 and 22; 30 January 1995, pp. 1-10.
56. SaskTel, Annual Report, 1992, p. 1.
57. Ibid..
58. Ibid., 1991, pp. 2-3. See also the report for 1992, p. 13.
59. Ibid., 1995, p. 3. SaskTel's long-distance revenues declined from $399 million in 1990 to $281 million in 1995. (ACIC Planning Document," 5.1.2., National/Local Rate Issues, SaskTel, Board Minutes, 12-13 January 1996, p. 18.)
60. SaskTel, Annual Report, 1995, p. 3. See also Crown Investments Corporation of Saskatchewan, Mapping a New Course: Reviewing Our Crown Corporations (Regina: 1996) p. 10 (cited hereafter as Mapping a New Course). SaskTel used $165 million of its long-distance revenue to subsidize local service in 1992 alone, for example. Hence, the loss of income was regarded as especially significant by the corporation, as it looked for ways to restructure its rates gradually, in order to reflect more accurately the real cost of providing facilities and maintain affordable local service, at the same time. (SaskTel, Annual Report, 1992, p. 13.)
61. SaskTel, Annual Report, 1993, p. 2.
62. Ibid., 1995, p. 3.
63. Ibid., 1991, pp. 2-3; "President's Report, 5 December 1994," SaskTel, Board Minutes, 14 December 1994, pp. 1-7; "President's Report, 18 January 1995," SaskTel Board Minutes, 30 January 1995, pp. 1-2. During the first fifteen months that the enhanced early retirement package was offered, 210 of 299 eligible employees took advantage of it. By the end of 1994, approximately 360 more personnel were eligible under its provisions. (Ibid., 1992, pp. 2-3.)
64. Ibid., 1992, pp. 2-3.
65. Ibid., p. 3.
66. Ibid.; see also ibid., 1994, p. 2. A year following this division, the corporation was itself designated as a subsidiary of the Crown Investments Corporation of Saskatchewan, by virtue of the Crown Corporations Act of 1993. ("Notes to consolidated financial statements, 31 December 1995," SaskTel, Board Minutes, 4 March 1996, item E, SaskTel Holdco Financial Statements, p. 4.)
67. SaskTel, Board Minutes, 14 December 1994, item 95 (c), p. 7; 30 January 1995, item 8. Eventually, the environmental issues affecting SaskTel included such items as: "remediation" of diesel and electrolyte (sulfuric acid) battery spills; regulation of corporate fuel storage tanks, waste oil sites and disposal procedures; transportation of dangerous goods; telephone directory recycling; asbestos handling and so on. (See, for example, "Environment Concerns, Issues and Activities Report," SaskTel, Board Minutes, 1 February 1996, item J, pp. 1-12.)
68. SaskTel, Annual Report, 1992, p. 1.

69. Ibid., 1993, p. 4; SaskTel, Board Minutes, 14 December 1994, item 9(a), pp. 1-32; "CIC Planning Document," 2.0, The Strategic Plan SaskTel's Vision, SaskTel, Board Minutes, 12-13 January 1996, p. 3.

70. SaskTel, Annual Report, p. 3; 1995, p. 4.

71. Myrna Barclay, Manager of Marketing and Communications for SaskTel, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Jean Freeman, interviewed by the author, 8 August 2002, ibid..

72. SaskTel, Annual Report, 1991, p. 3; SaskTel, Board Minutes, 14 December 1994, item 90, pp. 2-3.

73. Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

74. SaskTel, Annual Report, 1994, p. 2; see also the report for 1997, p. 4.

75. Ibid., 1995, p. 8; SaskTel, Board Minutes, 22 September 1994, item 2(a), pp. 1-6, and item 47(a), p. 2.

76. SaskTel, Annual Report, 1996, p. 13. By 1998, SympaticoJ was earning $7,314,080 annually for SaskTel, while QuantumLynxJ was earning $303,481, both highly profitable services. (SaskTel, Board Minutes, 25-26 February 1998, "Core Strategy," p. 23.) Also in 1998, the corporation unveiled plans for Sympatico TV, an offering that would allow customer access to SympaticoJ without the need for a computer, to be inaugurated in May. Another activity underway that year was to work with AIS on Internet application of its services. (Ibid., p. 20.)

77. SaskTel has also expanded and enhanced other elements of its Internet infrastructure. At the end of 2002, the corporation provided over 260,000 electronic mailboxes inside Saskatchewan and processed on average more than 25 million e-mail messages per month. It also had 130,000 Internet access customers. In addition, it launched a number of other Internet services for its customers, including web and date hosting, managed and security services, web design and e-commerce services.

78. Ibid., p. 14. The project began when Industry Canada decided to donate a number of used computers to schools, but needed a national organization to refurbish the machines. The federal agency thus teamed up with the Telephone Pioneers, who were well suited to the task. Eventually, the provincial Crowns and Saskatchewan government joined the programme to provide more computers.

79. Ibid., 1994, p. 3.

80. Ibid., 1996, p. 3.

81. Ibid., 1997, p. 10.

82. By 1996, FleetNet 800 had become one of the primary wireless communications networks for some of Saskatchewan's largest companies and Crown enterprises. SaskTel Mobility had ten-year contracts with Sask Energy, the Department of Highways, SaskTel, SaskPower and Saskatchewan Environment. The RCMP also had concluded that the network met their requirements after testing it in 1993. These contracts generated over $7 million annually in operating revenues for the telecommunications utility. ("FleetNet 800 Mobile Radio Service," SaskTel, Board Minutes, 17 October 1996, item M, Appendix 1, p. 9.)

83. SaskTel, Board Minutes, 14 December 1994, item 8(a), pp. 1-4.

84. SaskTel, Board Minutes, 30 January 1995, item 2(a), pp. 2-3.

85. This was, effectively, a rejuvenation of the sixty-year-old partnership of Canada's nine major telecommunications firms, with a revised mandate under a new name. Two additional jointly owned companies were also created as part of the restructuring. One was Stentor Telecom Policy Inc., which was to act as a government advisory arm for member companies, and hence was to focus on national issues and policies. The other was Stentor Resource Centre Inc., which was to consolidate a large part of the engineering, research and development activities of the nine allies at the national and international level, while continuing the design of national technical standards. In general, the partnership arrangement under the new Stentor Alliance was regarded as a means to expedite advance product development time substantially. The goal was to ensure that new products and services, especially those intended "for the fiercely competitive and rapidly changing major business market, will take less time to deliver and be available at a lower cost to customers." Stentor was also authorized to establish strategic alliances with other telecommunications organizations abroad. (SaskTel, Annual Report, 1992, p. 6.)

86. Ibid., 1994, p. 3, SaskTel, Board Minutes, 22 September 1994, pp. 1-4, and 31 October 1994, items 8(a), pp. 1-3, and 8(b), pp. 1-2.

87. SaskTel, Annual Report, 1994, p. 3.

88. Ibid., 1995, p. 10. The project was completed at a final cost of $256 million (not including the amount spent previously to convert electronic switching equipment to digital systems). Of that sum, $29 million alone was expended in the northern regions of the province.

89. Ibid., 1994, p. 3. Saskatchewan's portion of the system included the construction of two high-density routes, from Lashburn to Zehuer and Walsh to Marchwell. The Board of Directors approved gross capital expenditures of $4,151,000 for the expansion of fibre-optic and digital cross-connect equipment on the project. (SaskTel, Board Minutes, 30 January 1995, item 2(c), pp. 1-2.)

90. Ibid., 25-26 February 1998, "Core Strategy," p. 21.

91. Ibid..

92. Frank Degenstein, interviewed by the author, 15 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

93. Ibid.; John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

94. Frank Degenstein, interviewed by the author, 15 August 2002, ibid.; John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

95. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

96. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid.. For similar comments, see John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

97. SaskTel, Annual Report, 1992, p. 18.

98. Ibid., 1997, p. 13.

99. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

100. Ibid..

101. SaskTel, Annual Report , 1991, p. 18; 1992, p. 18; 1993, p. 8; 1994, p. 6; 1996, p. 22; 1997, p. 13.

102. Ibid., 1996, p. 22.

103. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..

104. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid.

105. Ibid.; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

106. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

107. Gillis McCormick, interviewed by the author, 14 August 2002, ibid..

108. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

109. Ibid.; Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..

110. SaskTel, Annual Report, 1995, p. 11; "President's Report," SaskTel, Board Minutes, 1 February 1996, item G.5, p. 9. Another $30 million US contract was negotiated in 1996-97 between SI, the Philippines government and SR Telecom, "a primary supplier and project partner from Quebec," to expand the rural telephone network already in place into some of the archipelago's more outlying communities, called "Banangays." (SaskTel, Annual Report, 1996, p. 23.) This was followed by a smaller joint-venture with Bechtel, the world's largest construction company, to build a communications system at a coastal hydroelectric operation for the islands. That work was completed in 1998. (Ibid., 1998, p. 13.)

111. SaskTel, Annual Report, 1991, p. 18; 1992, p. 18.

112. Ibid., 1994, p. 6; 1996, p. 23.

113. Ibid., 1996, p. 23.

114. Ibid., 1998, p. 12.

115. Ibid., 1999, p. 12.

116. Ibid., 1991, p. 18.

117. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

118. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid.; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid.. Cancelling the money-losing project was among Ching's first actions on becoming president of SaskTel in April 1996.

119. SaskTel, Annual Report, 1994, p. 6; 1995, p. 12. For the Board's approval of SaskTel's association with Norstar, see, SaskTel, Board Minutes, 22 December 1994, item 66, p. 6, and a news release, "How Partnership Pursues Communications Business in US," 14 November 1994, in the Board Minutes for 31 October 1994, pp. 1-2. For a copy of the Shareholder's Agreement between SaskTel and Norstar, see the Board Minutes for 22 September 1994, item 7(a).

120. Ibid., 1997, p. 18.

121. Ibid., 1999, pp. 12-13.

122. Ibid., 1991, p. 18; 1992, p. 18; 1996, p. 23. MARTENS7 is the acronym for the awkward: Mechanized Assignment Records Telephone Equipment Numbering System. The software operated on IBM's latest DB database management system.

123. Ibid., 1991, p. 18; 1993, p. 7; 1996, p. 23.

124. Ibid., 1995, p. 7; 1996, p. 23. One of these was the Anchorage Telephone Utility of Alaska, with which SI signed a contract in December 1997 worth $1 million, to provide network management computer software, hardware and consulting. The American company purchased a new client/server version of SI's MARTENS7 Local Loop Facilities Management software. (Ibid., 1997, p. 13.)

125. Ibid., 1991, p. 18.

126. Ibid..

127. Ibid.; 1992, p. 18; 1993, p. 8; 1994, p. 6. See also SaskTel, Board Minutes, 30 January 1995, item 4(c), n.p. When completed, the new system at Leicester and Loughborough would serve approximately 200,000 homes. See also SaskTel, Annual Report, 1995, p. 4.

128. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

129. "Convergence" was defined in this case, meanwhile, as the delivery of similar services by telecommunications, broadcasting and computer companies, though their services remained and were guided by distinct regulatory systems. "For example, when a telecommunications company provides broadcasting services, those services will fall under the Broadcasting Act and its regulations; when a cable company provides telecommunications services, they will fall under the Telecommunications Act and its regulations." ("Policy Framework on Convergence," SaskTel, Board Minutes, 16-27 August 1996, Attachment #1, p. 2.)

130. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also SaskTel, Annual Report, 1995, p. 4.

131. Blakeney, "History of Saskatchewan's Crown Corporations," p. 33.

132. SaskTel, Annual Report, 191, p. 18; 1992, p. 18; 1993, p. 7; 1994, p. 6.

133. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

134. SaskTel, Annual Report, 1997, p. 10.

135. Ibid..

136. Ibid., 1995, pp. 11-12.

137. Ibid., 1997, p. 13; 1999, p. 12. Of the employees working outside Canada, one was in Brazil, seven were in England, two were in Italy, six were assigned to Belgium, five more were in Tanzania, three each were assigned to the Philippines, Australia and France, twenty-one worked in the United States, eight more were in New Zealand, and four were in Chile.

138. Garrgy Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

139. SaskTel, Annual Report, 1999, p. 12.

140. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

141. Ibid..

142. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

143. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..

144. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

145. SaskTel, Annual Report, 1990, p. 3.

146. Ibid..

147. Mapping a New Course, p. 10; Crown Investments Corporation of Saskatchewan, Saskatchewan Crown Corporations Review 1996 (Regina: 1996) p. 11 (cited hereafter as Review 1996).

148. Ibid., 1992, p. 3.

149. "CIC Planning Document," 4.2, Implications for SaskTel, SaskTel, Board Minutes, 12-13 January 1996, p. 8.

150. "CIC Planning Document," 3.3, Competition, ibid., p. 4.

151. SaskTel, Annual Report, 1995, p. 4.

152. Ibid., p. 5.

153. Mapping a New Course, p. 11.

154. "CIC Planning Document," 5.1.2, National/Local Rate Issue, SaskTel, Board Minutes, 12-13 January 1996, p. 18.

155. SaskTel, Annual Report, 1995, p. 5.

156. Ibid., 1996, p. 5.

157. Not everyone was happy with the choice, however. Although the majority of those involved in the selection process were enthusiastic about Van Parrys' application, Donald Ching-Bwho at that time oversaw the Crown Investments Corporation under the Romanow government—found him bland, artificial and banal, and was unable to take him seriously, therefore. He was the only one to harbour serious reservations about Van Parrys' qualifications, reservations that subsequently proved to be justified. (See Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.)

158. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid.; Jean Freeman, interviewed by the author, 8 August 2002; Myrna Barclay, Manager of Marketing and Communications of SaskTel, interviewed by the author, 9 August 2002, ibid..

159. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

160. Ibid..

161. Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, ibid..

162. Ibid.; Donald Ching, interviewed by the author, 7 August 2002, ibid..

163. Ibid., 12 August 2002; John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

164. Ralph Wyatt, interviewed by the author, 9 August 2002, ibid..

165. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 and 12 August 2002, ibid.. For similar views, see Frank Degenstein, interviewed by the author, 15 August 2002, ibid..

166. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid.; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

167. Myrna Barclay, Manager of Marketing and Communications of SaskTel, interviewed by the author, 9 August 2002, ibid..

168. Ibid.. In 2001-2, however, SaskTel took major strides in terms of employment equity in particular, placing much emphasis on recruitment, though there are still managers who hire non-equity personnel over equity-personnel. On the other hand, the corporation does not yet have an effective policy for maternity leave.

169. Rasmussen, "Saskatchewan's Public Service," p. 106. Since 1996, SaskTel has negotiated pay-equity with the union, while other corporations—such as Bell Canada—are still trying to reach an agreement with their employees. (John Meldrum, Vice President-Corporate Counsel of SaskTel,

interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.)

170. "SaskTel Contract Rejected," Communications, Energy and Paper Workers Union of Canada (CEP), Informal Bulletin, 22 March 1996, p. 34. See also the CEP's monthly newsletter, The Busy Signal, for March 1996; Ralph Wyatt, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid.. With respect specifically to the pension plan, labour raised serious concerns that the existing fund did not provide a cost of living index as a hedge against future inflation.

171. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

172. Ibid.; Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, ibid..

173. SaskTel, Annual Report, 1996, p. 5.

174. "President's Report," SaskTel, Board Minutes, 1 February 1996, item G.3, p. 5. The four "cornerstones of employee empowerment" were to be: training, work organization, employee involvement, and open two-way communication.

175. Howard Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. For similar comments, see: John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid.; Ralph Wyatt, interviewed by the author, 9 August 2002, ibid..

176. Rasmussen, "Saskatchewan's Public Service," pp. 103-04.

177. Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.

178. Ibid..

179. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..

180. Ibid..

181. Ibid..

182. TASC, A Report on the Public Review of the Future of Crown Corporations in Saskatchewan (Regina: 1996) p. 1. (Cited hereafter as Report on the Public Review.)

183. Review 1996, pp. 4, 7.

184. Ibid., p. 6.

185. Praud and McQuarrie, p. 158.

186. Ibid., p. 165.

187. Ibid., p. 163.

188. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Howard Leeson, interviewed by the author, 8 August 2002, ibid..

189. Howard Leeson, interviewed by the author, 8 August 2002, ibid..

190. Ibid.; Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..

191. Donald Ching, President and CEO of SaskTel, interviewed by the author, 12 August 2002, ibid.; Howard Leeson, interviewed by the author, 8 August 2002, ibid..

192. Howard Leeson, interviewed by the author, 8 August 2002, ibid..

193. Ibid..

194. Report on the Public Review, p. 1; Review 1996, p. 1; Mapping a New Course, p. 1; "TASC: An Information Bulletin on Reviewing Our Crown Corporations," 28 May 1996, Regina, n.p. (cited hereafter as "An Information Bulletin"). The situational analysis of the Crown corporations was performed by independent consultants, expert in the particular industry, who also assessed the capital and human resources currently required by the corporations, their governance and decision-making process, the risks and opportunities associated with each of them, and ways to improve their viability. The auditors also calculated the dollar value of each Crown under review, according to different options. The impact of public enterprise and investment on provincial economic development, job creations, quality of life, etc., was based on the findings of the situational analysis. (Review 1996, pp. 2, 7.)

195. Report on the Public Review, p. 23. This led to suggestions for ongoing or annual public information forums such as annual shareholders' meetings, and perhaps even the addition of a component on public investment in Saskatchewan school curricula.
196. Review 1996, p. 2; Mapping a New Course, p. 1. The final TASC report was based upon twelve townhall meetings attended by 805 people, and over seventy written submissions received from various groups and individuals across the province. (Report on the Public Review, p. i.)
197. Review 1996, p. 1. See also "An Information Bulletin," n.p.
198. Tupper, p. 27; Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," p. 146.
199. "An Information Bulletin," n.p.
200. Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," p. 146.
201. Report on the Public Review, pp. iii, 22-3.
202. Heald, p. 65.
203. Ibid., p. 64. Heald recognized, however, the significant historical role of delivering universal service in Saskatchewan, which was both an emblem and a practical manifestation of province-building. Yet, he hastened to add, though the social objectives provided by the system were valued by the community, "they make economists uncomfortable."
204. Report on the Public Review, p. 15; "An Information Bulletin," n.p.
205. Heald, p. 68.
206. "An Information Bulletin," n.p.; Report on the Public Review, p. 18. In fact, among the many quotations of substance recorded from the townhall meetings during the review was one which recognized that "Saskatchewan isn't big enough to support our Crowns without expansion outside the province," and that they "must grow with the times," therefore. A related comment expressed the necessity "to expand to keep the young people here and the need [to create] opportunities" for them. (Quoted in Report on the Public Review, p. 19.)
207. Review 1996, pp. 4-5; Report on the Public Review, p. ii.
208. Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," p. 151.
209. Ibid..
210. Review 1996, p. 5; Mapping a New Course, p. 2; Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," pp. 151, 152.
211. Review 1996, p. 9.
212. Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," p. 148.
213. Heald, p. 62.
214. Review 1996, pp. 6, 8; Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," p. 150. Some of the modifications suggested were: establishing new methods of rate-setting; developing faster, more effective means of making business decisions; increasing accountability; improving financial reporting practices; curtailing operating costs; and finding innovative ways to strengthen the corporations' human resource sectors.
215. Ibid., pp. 11, 12.
216. Quoted in Government of Saskatchewan, Saskatchewan's Crown Corporations, A New Era (Regina: 1997) p. 3 (cited hereafter as A New Era). The other consulting firm hired to audit SaskTel in 1996 was RBC Dominion Securities.
217. Ibid., p. 39; Review 1996, p. 10.
218. Blakeney, "History of Saskatchewan Crown Corporations," p. 32.
219. Quoted in Report on the Public Review, p. 19.
220. "Case Briefing Note: Long Distance Competition, 31 January 1996," SaskTel, Board Minutes, 1 February 1996, p. 1.
221. A New Era, p. 34; Report on the Public Review, pp. i, 16, 28.
222. Report on the Public Review, pp. 20, 37.
223. Ibid., p. 30.
224. A New Era, pp. 34-5.
225. Heald, p. 67.
226. "Corporate Contributions Summary, September 1994, SaskTel, Board Minutes 31 October 1994, item 5(a), p. 1.
227. For a partial list of SaskTel's donations in 1996 alone, see, "Corporate Contributions Committee of the Board Corporate Sponsorships, 14 August 1996," ibid., 26 August 1996, item 6(a).

228. Don Robson, interviewed by the author, 9 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. Robson had a particular hand in the "talking dog" project.
229. A New Era, pp. 36-7; SaskTel, Board Minutes, 25-26 February 1998, "Core Strategy," p. 19.
230. "Corporate Contributions Committee Third Quarter Report," SaskTel, Board Minutes, 31 October 1994, item 5(a), p. 1.
231. A New Era, p. 37.
232. Ibid., p. 38. That question was answered in early 1998 when SaskTel raised its local rates by $4 per month for all residential customers in Saskatchewan. Rural subscribers were charged an additional $2 per month, while urban customers living outside the cities of Regina and Saskatoon paid an added monthly charge of $1. (SaskTel, Board Minutes, 25-26 February 1998, "Core Strategy," p. 5.)
233. In fact, SaskTel recognized this problem, and in 1996 proposed a strategy to deal with it. ("Interactive Information Services Proposed Business Strategy," SaskTel, Board Minutes, 25 March 1996, item E.
234. A New Era, pp. 38-9.
235. Review 1996, p. 11.
236. Ibid., p. 13; Mapping a New Course, p. 11.
237. A New Era, p. 39; Report on the Public Review, p. 17; Mapping a New Course, p. 11.
238. A New Era, p. 39; Review 1996, p. 38.
239. A New Era, p. 38.
240. Ibid., p. 38; Review 1996, p. 11. Concert was an international alliance, which included British Telecom and MCI—a major American telecommunications company—among its members.
241. Review 1996, p. 13.
242. Ibid., p. 14. SaskTel has four Customer Care Centre areas in the province. These are blended call centres, combining both in-bound (meaning the customer calls the company) and out-bound (meaning the company calls the customer) functions. This makes SaskTel call centres unique from others in Saskatchewan operated by the corporation's competitors, which are exclusively in-bound or out-bound. The Saskatoon Customer Care Centre is housed currently in the historic Modern Press Building, constructed in 1927 and acquired by SaskTel in 1997. The Regina Customer Call Centre is located currently in the old Bank of Montreal Cheque Processing Building. The other two centres are situated at North Battleford and Swift Current respectively.
243. Ibid., p. 39.

Endnotes to Epilogue

1. Spafford, p. 120.
2. Ibid., p. 123. Current President and CEO Donald Ching attests to the continuation of this singular administrative fact. "What has always struck me about SaskTel moreso than any of the [other] Crown corporations," he admits, is "the degree to which it maintained a corporate independence from government, and yet at the same time received strong and relatively enlightened support from the various governments that have been in place in Saskatchewan since the creation of SaskTel at the end of the Second World War." (Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan). Former presidents Gillis McCormick and Frank Degenstein echo these views.
3. SaskTel, Annual Report, 1985, p. 2.
4. Ibid..
5. Ibid., 1998, p. 6.
6. Ibid., 1997, p. 2.
7. Ibid., 1998, p. 6.
8. Ibid., 1997, p. 2. Don Ching was appointed president and CEO of SaskTel in 1996, positions he continues to hold.
9. Ibid..
10. Ibid., p. 3.
11. Ibid..
12. SaskTel, Board Minutes, 24-25 February 1998, "Core Strategy," pp. 4-5. These reductions were partially balanced, though, by concurrent increases in local rates. With the announcement on 5 November 1997 that competition would be permitted on the local access level, SaskTel prepared the appropriate technical and pricing information needed to allow new companies to consider entering the Saskatchewan market.
13. SaskTel, Annual Report, 1997, p. 4.
14. SaskTel, Board Minutes, 24-25 February 1998, "Core Strategy," p. 10.
15. Ibid..
16. Ibid..
17. For examples, see: Helicopter/Gainer; Helicopter/Farmer; Gainer/Farmer; Reunion: Gainer/Farmer, Tape C164, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
18. SaskTel, Board Minutes, 24-25 February 1998, "Core Strategy," p. 10.
19. Ibid., p. 11. Included in each "winback package" mailed to returning customers was a letter and reply card, as well as a Thank you card for coming back to SaskTel.
20. Ibid., pp. 10-11.
21. Ibid., pp. 13, 14.
22. SaskTel, Annual Report, 1997, p. 7.
23. SaskTel, Board Minutes, 24-25 February 1998, "Core Strategy," p. 30.
24. SaskTel, Annual Report, 1997, p. 4.
25. SaskTel, Board Minutes, 24-25 February, "Core Strategy," p. 30.
26. John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Howard Leeson, interviewed by the author, 8 August 2002, ibid..
27. SaskTel, Board Minutes, 24-25 February, "Core Strategy," p. 30.
28. Ibid.. In fact, the CRTC announced a series of national hearings to tackle the problem of providing affordable telephone service to high-cost areas where competition was unlikely to supply it. "This is one of the most important CRTC proceedings in which Saskatchewan can participate because our rural areas are among the highest cost areas in Canada," noted SaskTel's Board. Without some type of subsidy programme in place, telephone companies would be unable to deliver affordable telecommunications services of high quality to people in these regions, in violation of the Canadian Telecommunications Act. Consequently, the Saskatchewan government and SaskTel both planned to speak about the province's position on this issue and related matters, such as equal access to the Information Highway and the organization of a National Subsidy Fund to support high-cost regions. Prince Albert was selected as the venue for the CRTC hearings in

Saskatchewan, which were scheduled for June 1998. In the meantime, provincial residents were to be informed about the issues and invited to participate in the process. (Ibid., pp. 31-2.)

29. SaskTel, Board Minutes, 24-25 February, "Core Strategy," p. 29.
30. "A Hot-button issue," MacLean's Magazine, 15 February 1999, p. 50. The system currently in force allowed for "a staggering 6.3 billion numbers." But as Doug Budwise of Stentor Canadian Network Management and chairman of the numbering committee for the Canadian telecommunications industry stated in 1999, estimates were that by 2025 those numbers would be exhausted. In the meantime, consumers would have to worry about "the explosion of new area codes." (Ibid..)
31. See, for example, "Power to the People," Time Magazine, 15 January 2001, pp. 46-7; "Power Politics," MacLean's Magazine, 5 February 2001, p. 35.
32. "Western Showdown," MacLean's Magazine, 8 February 1999, p. 54; "Long-distance ownership," ibid., 18 October 1999, p. 77; "Out to be a phone guy too," ibid., 21 February 2000, pp. 36-7.
33. "The birth of a new giant," Ibid., 2 November 1998, p. 61.
34. "Plunge from Grace," ibid., 5 March 2001, pp. 42-3; "Wrath versus Roth," ibid., p. 44. For a recent history of the corporation published just prior to its collapse, see: Larry MacDonald, Nortel Networks: How Innovation and Vision Created a Network Giant (Toronto: 2000). The subtitle to any sequel ought to read: "How Over-Ambition and Lack of Vision brought a Network Giant to its Knees!"
35. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan. See also Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid., Howard Leeson, interviewed by the author, 8 August 2002, ibid..
36. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..
37. Ralph Wyatt, interviewed by the author, 9 August 2002, ibid..
38. Howard Leeson, interviewed by the author, 8 August 2002, ibid.. See also Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..
39. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid..
40. Leeson, "Crown Corporations in Saskatchewan," p. 167.
41. For summaries of these arguments, see: Blakeney, "The History of Saskatchewan Crown Corporations," pp. 31, 37; Chorney, p. 120; Leeson, "Crown Corporations in Saskatchewan," p. 167.
42. Leeson, "Crown Corporations in Saskatchewan," p. 165.
43. Blakeney, "The History of Saskatchewan Crown Corporations," pp. 31, 37.
44. Leeson, Crown Corporations in Saskatchewan," p. 167.
45. Ibid., p. 169; Howard Leeson, interviewed by the author, 8 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan; Pitsula, "The Social and Economic Impact of Saskatchewan Crown Corporations," pp. 147-48.
46. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.
47. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid.
48. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid.. For similar views, see Gillis McCormick, interviewed by the author, 14 August 2002, ibid..
49. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid.. Former president Gillis McCormick is still more blunt. The sale of SaskTel, he states, "would be a pretty stupid thing to do." But he adds that if it every came to pass, people should buy the new company's stock. (Gillis McCormick, interviewed by the author, 14 August 2002, ibid..)
50. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, ibid..
51. Ibid.. For similar observations, see: Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002, ibid.; and Frank Degenstein, interviewed by the author, 15 August 2002, ibid..
52. SaskTel, Board Minutes, 24-25 February 1998, "Telco Management Report: The SaskTel Vision," p. i.
53. SaskTel, Annual Report, 1999, p. 2.
54. Ibid..
55. Garry Simons, President of SaskTel International, interviewed by the author, 7 August 2002,

Corporate Library, SaskTel Head Office, Regina, Saskatchewan. For similar views, see John Meldrum, Vice President-Corporate Counsel of SaskTel, interviewed by the author, 22 August 2002, ibid..

56. Gillis McCormick's father started with the Department of Telephones in 1920, for example, ten years before his son embarked on his own 53-year-long career with it in 1930. While working as a lineman at Moose Jaw just prior to the outbreak of World War I, George Spencer's father met and eventually married his mother, an operator at Rollo. As a result, their son grew up with the business in his blood, wanting "to be a telephone guy." Even Donald Ching has similar antecedents. His father was a member of the Board of Trustees for the Alameda and District Telephone Exchange. Their histories are shared by many in the corporations.

57. Donald Ching, President and CEO of SaskTel, interviewed by the author, 7 August 2002, Corporate Library, SaskTel Head Office, Regina, Saskatchewan.